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20 JUL 87
C.F.T.R.I., MYSORE

Business India

e magazine of the corporate world July 13 to 26, 1987 Rs. 5

DEAD-END FOR NIRLON?

Birla Mercury
Supreme Industries
Water Politics

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Cover to Cover

UNIT
20 JUL 1987
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Issue No 244 July 13-26, 1987

Cover Feature

60 Dead end for Nirlon?

Once one of the more successful companies in the yarn business, Nirlon Synthetic Fibres & Chemicals Ltd is today in a mess because of faulty expansion and investment decisions. Several revival plans drafted over the past 10 months have failed to take off, and meanwhile, the company's problems are snowballing
Shankar P.

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70 Birla Mercury Funds Ready to take off

After a long wait of nearly four years, Ashok Birla has finally got all the government approvals for his Birla Mercury offshore mutual funds last month. He and his executives are now busy working out the modalities of launching the funds by the end of the year
Mukarram Bhagat

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R. N. Bhaskar

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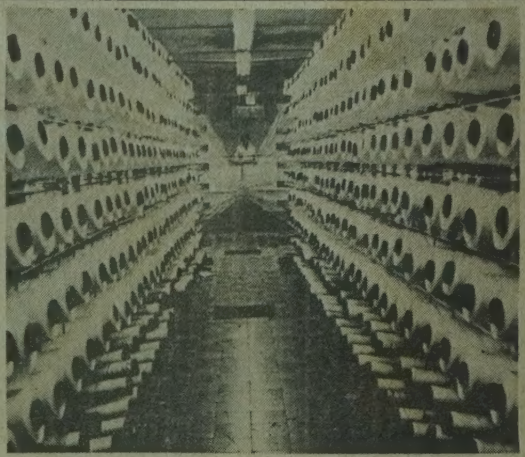

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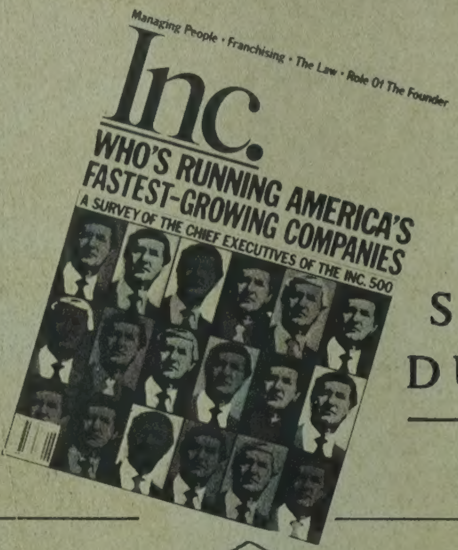
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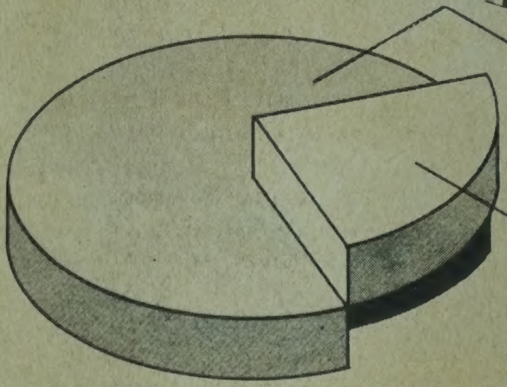

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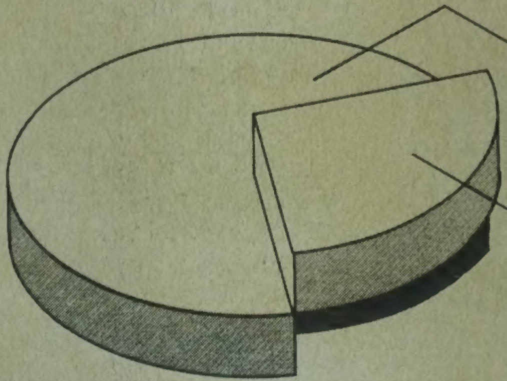

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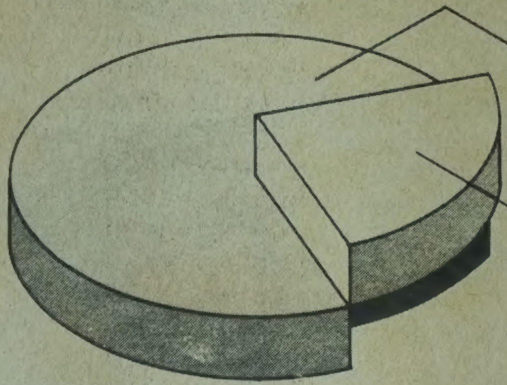

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letter from the publisher

It has certainly been a great shock to a large number of investors and industry watchers that a giant like Nirlon should find itself pushed to the wall, fighting for survival. For over 20 years now, it has been a growing dividend paying company, but all of a sudden, market and financial forces appear to be overwhelming.

In the West, this has been a not uncommon phenomenon. The mightiest industrial names have been humbled in the business jungle where the same rule prevails — survival of the fittest. After all, why should consumers continue to buy goods or services from any company with their hard earned monies unless they get good value — good quality products at the lowest possible prices. In fact, it is this aspect that our politicians and bureaucrats always conveniently overlook when deciding upon special protection for any company or industry.

As our economy grows and opens up, we will increasingly see situations of this type recur. But what lessons does the Nirlon case hold for both investors and the government?

Investors must recognise that there is an element of risk in every business. It is only because risk is taken that there are rewards or profits. Equally, it means that there can be losses, which can of course be very severe. It is not only our industrialists who have got used to unending profits in protected markets — our investors have also assumed unending gains without the possibility of losses. This clearly is unrealistic and not at all healthy in the long run.

Investors must learn to monitor the performance of companies on a regular basis and make assessments for themselves (with professional financial advice where necessary) of the prospects of particular companies and industries. Equally important, they must assess the performance of the management of the particular company before investing monies in those ventures.

In India, very rarely has the management been ousted for failing to do a good job. There are specific legal provisions which serve only to entrench existing managements and maintain the status quo. In addition, the public financial institutions are inactive, are afraid of disturbing the status quo, and almost invariably side with the existing management. In no other market type economy is the management so safely ensconced as in India.

But there is also another side of the same coin. If a company is exposed to free market forces, then the management must also be allowed a greater freedom of action. But at the same time, it behoves management to act decisively. There are innumerable restrictions on management's desire to react in a timely fashion to changing social and market conditions. A company like Nirlon has huge assets in the form of prime lands, buildings and machinery. It is unable to utilise several of these assets to the advantage of the company. Equally, it suffers a competitive disadvantage by having an older and higher paid labour force than its competitors. While it is unrealistic (and not necessarily even desirable) to allow management *total* freedom in this regard, clearly management must have some freedom to act.

There are no easy answers to these issues but clearly as a society we must give a great deal of thought to these issues. We must also be prepared to take some hard decisions, where necessary, in our own long term interest.

Ashok H. Advani

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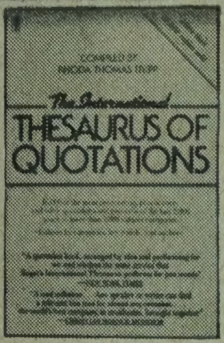

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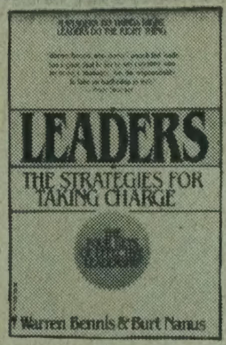

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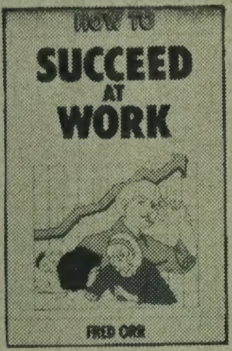

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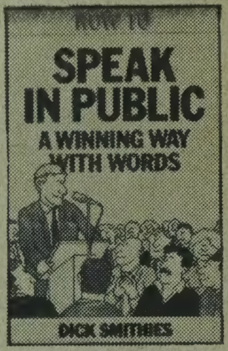

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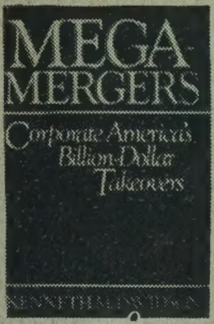

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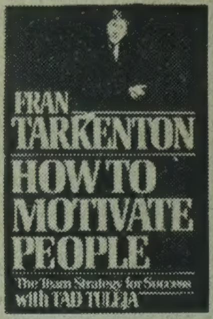

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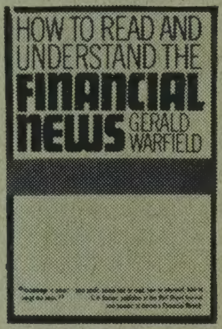

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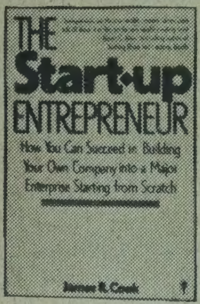

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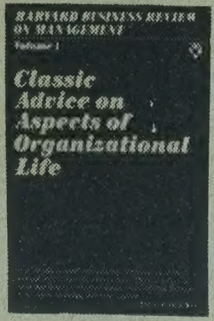

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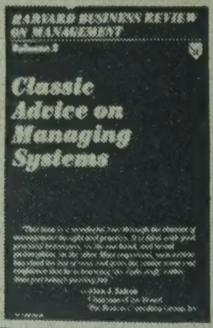

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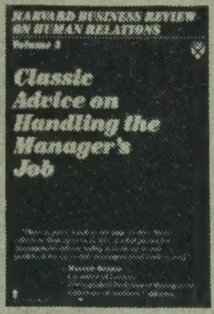

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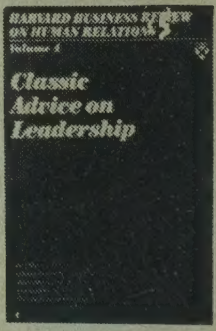

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9 JUL 87
BOMBAY

letters to the editor

The Birla split

Your cover feature on the Birlas (15 June) was quite informative and exhaustive.

Shareholders have been given a raw deal even from the time of the so-called great G. D. Birla. But they can't do without them also! That is why some scraps are thrown to them once in a while. Certainly, present day investors are very unhappy with the Birla clan. Recall the spectacular flop of the Indo-Gulf issue which had to be rescued by the pumping of massive funds from the financial institutions. So too Indian Rayon's debenture venture while at the same time Reliance walked away with a handsome oversubscription of the 'G' series issue.

While an amicable solution to the Birla family dispute is welcome, it is not going to bring about any major changes in the stockmarkets immediately. But the split-up would be good for the general Indian market as each of the various Birla groups or branches — KK, PK, BK, RK, OK or whatever could be exposed to high-voltage competition as comparatively small fry!

Further, the political patronage that they receive as a "family" now would perhaps be negligible after the division.

C. Raghuraman
Rishra (WB)

The article on the Birlas perhaps inadvertently mentions that the reserves of GRASIM stand at Rs 17 crores against an equity of Rs 21.5 crores (page 65). If one checks the last available annual report for the year ending 31 March 1986, the correct position of reserves and surplus, as shown on page 16, is Rs 171.72 crores (and not Rs 17 crores only), out of which the general or free reserves alone account for Rs 57.41 crores.

V. J. Naik
Bombay

Contribution of animal system

This is to correct some of the errors in the report 'The Appropriate Bullock Cart' (1 June).

Investment in the DAP system is Rs 10,000 crores, and *not* Rs 250 lakhs. Seventy five million bullocks (and *not* 15 million bullock *carts)* cultivate two-thirds of the area cultivated and handle two-thirds of rural freight. Power from DAP is 30,000 mw which was the installed power capacity in the whole of India (in 1983), and *not* in a city like Bangalore. Replacement of the DAP system will need an investment of Rs 30,000 crores, and *not* replacement of the *cart* system which will need only Rs 10,000 crores.

Incidentally, it may be interesting to note that the market value of the livestock sector is about Rs 45,000 crores. The value of their output — milk, work, dung, fibre, meat, etc is of the same order, giving a low capital output ratio of 1:1, as against 5:1 for the country as a whole. Contribution to the GNP may be between Rs 20,000 and Rs 30,000 crores, that is, 10 to 15 per cent, which is significant.

Production of foodgrains, with an annual output value of Rs 45,000 crores, gets a support of Rs 15,000 crores per year towards fertiliser, power, water, credit, etc. The economic benefits gained by modernising the livestock system could be Rs 10,000 crores per year. An investment of Rs 500 crores per year can give a benefit of Rs 1,000 crores per year (10 per cent of potential) by way of increased employment and earnings and reduced losses and damage.

The contribution of animals directly as food (milk, meat and eggs) is worth Rs 23,000 crores; their indirect contribution to foodgrain production (work and manure) is worth Rs 16,000 crores. And yet the animal system does not get a fraction of the support obtained by the foodgrains sector.

N. S. Ramaswamy
Bangalore

You're at sea

Your article 'Seafood exports' (1 June) is misleading and ill-timed. The conclusion that seafood exports are all set to do 'better and better' is far from the reality.

As a senior marketing executive of a premier seafood export company, I am sure that anybody in the seafood trade would agree that the seafood industry is currently in the doldrums.

On the one hand, the raw material catches are decreasing at an alarming rate. The cost of raw material is soaring. Added to this is the mad rush by the many exporters to pick up whatever little material is available. The international market is dull and passive.

The Japanese market, which is the major importer of Indian headless shrimps, has been quite inactive for the past three to four months. Taiwan and China have started exporting thousands of tons of 'cultured' shrimps at prices lower than India's.

It is a pity that neither the Seafood Exporters Association of India (SEAI) nor the Marine Products Export Development Authority (MPEDA) have come forward to save the situation.

The figures given are for 1986-87 and we are now in 1987-88, when the situation is bleak. The visits of a couple of delegations and discussions on deep sea fishing are not going to produce anything concrete in the immediate future.

What is required at this stage is the MPEDA's and SEAI's active role in enlightening the government about the various problems of this fast decaying industry and taking urgent remedial steps.

S. Rama Prasad
Madras

Turn for the better

We refer to the brief report titled 'Reyrolle Burn: future uncertain' (News and Events, 15 June).

I am happy to inform you that the company has recently issued additional shares of the total value of Rs 25 lakhs which have been subscribed fully by a private entrepreneur, on the basis of which the company has resumed normal working from 1 June 1987.

Reyrolle Burn has a long way to go before it can wipe out its losses but with a good order book and assistance from the state government, banks and others concerned, it is expected that the company will be in a much healthier position in about a year.

D. N. Banerjea
General Manager (F&A)
Reyrolle Burn Ltd
Calcutta

Econometric Society conference

The Indian Econometric Society will hold its annual national conference in Bangalore from 4 to 6 January 1988 to mark its silver jubilee. The programme committee of the conference invites papers from econometricians, statisticians and economists, on any problem worked on by them. They should submit abstracts and proposals by 15 July 1987 and completed papers by 15 November 1987.

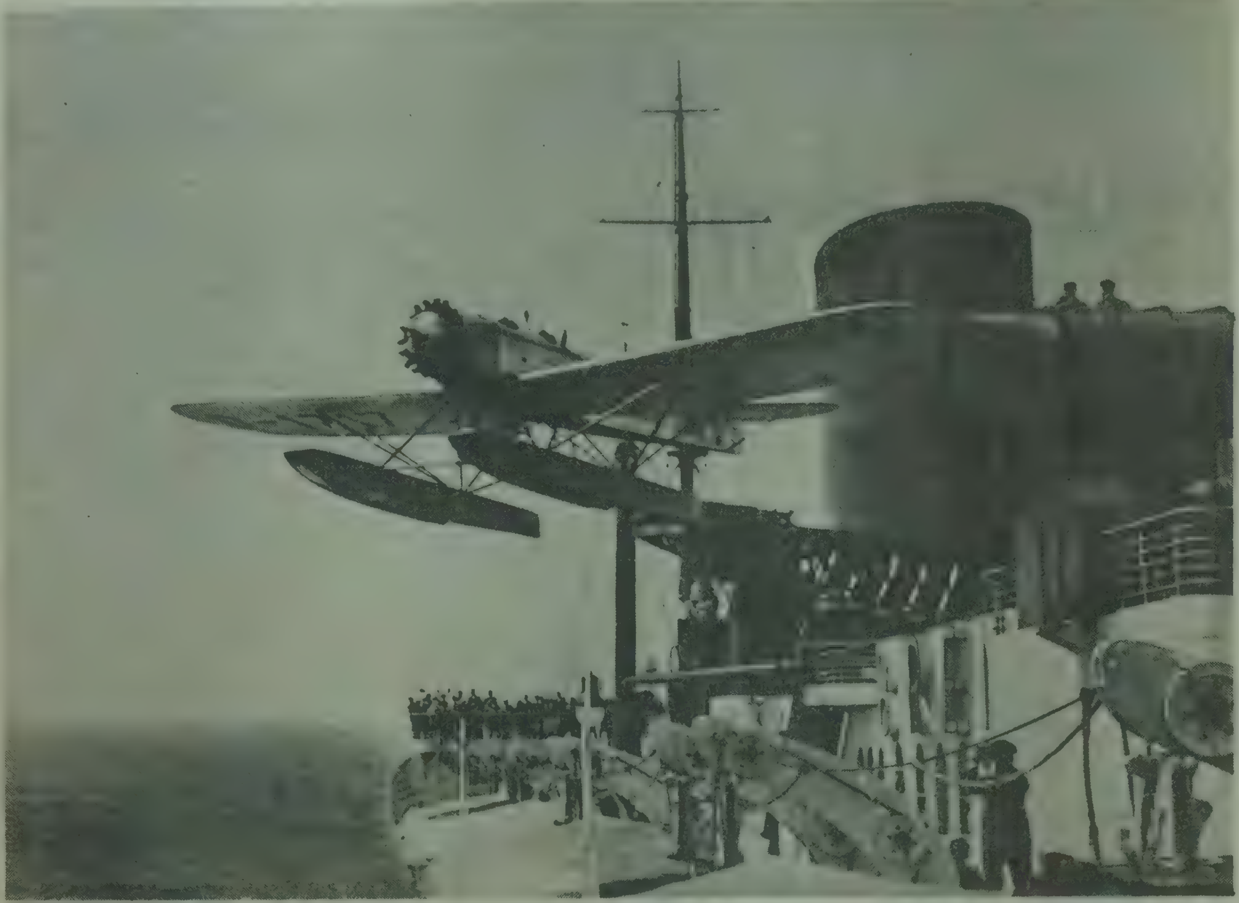
Professor N. S. Iyengar
Chairman, programme committee
Economic analysis unit
Indian Statistical Institute
Bangalore

Mere ritual?

In accordance with Section 217(2A) of the Companies Act 1956 and Rules 1975, every company is required to publish in its balance sheet a list of all its employees drawing emoluments exceeding Rs 3,000 per month or Rs 36,000 per annum. Such information is supposed to be published for the benefit of shareholders and the public.

However, over the years, despite the rise in the cost of living and the phenomenal increase in salaries, there has been no amendment to this section. It will be seen that a good portion of the annual report now contains an unend-

For Your Information



In the late 1920s the SS Bremen's mail plane was catapulted into the air en route to New York, getting mail across the North Atlantic a day or two faster. This photo from the airmail service's early days marks the 75th anniversary of a facility pioneered in Frankfurt am Main in 1912

Fighting fright

Tuesday, 12 May 1987, was a milestone in the annals of management history. But it went largely unnoticed, only meriting a small news item in the *Times of India* the next day, which said:

Airfright Management Institute, Bombay, May 12: Air-India, Indian Airlines, the International Airports Authority of India and the Air Cargo Agents' Association of India have jointly decided to establish a full-fledged Institute of Airfright Management. The first step towards the setting up of the Institute has already been taken as a result of two meetings held in March and April 1987. A meeting is scheduled to take place in Madras next month to finalise courses for 1987-88.

The 'fight or fright' syndrome exists in all animals. Humans have discovered fight management. (Our Hindi films are prime practitioners). Fright management, however, has hitherto escaped the attention of management pundits the world over. It is to the credit of India that several breakthroughs have come in rapid succession. The BARC has developed superconductivity at 166 deg C. Gavaskar made his test 10,000 and now we have discovered fright management. A hat trick, as it were!

And how fitting that this new area of management has been discovered by our airlines. Air insurance is at best a risk coverage. It does not help tide over the fear of flying.

However, the application of fright management extends much beyond air travel. The areas within its purview are many:

- Fright management courses can season politicians for any situation. They do not then have to worry about being buffeted by Bofors or fazed by Fairfax.
- Once able to manage their fright response, entrepreneurs would get over the fear of being mangled by government machinery.
- Income tax raids and other government sponsored investigations would not frighten those who have graduated from fright management institutes. A successful candidate would just laugh all the way to his/her Swiss bank.
- Autocratic bosses would no longer be held in awe by subordinates who take fright management courses. (Company sponsorship of the course may of course be banned, but interested persons can attend night schools.)
- The management of fright would revolutionise family relations. Imagine the proverbial submissive housewife confronting the resident MCP with a well timed: "Oh yeah?" or an "*Aisa, kya?*" after she's taken the course.

Less frightened people all over the world would change sociological patterns. Think of the extensive research studies that this would generate.

With its immense possibilities, fright management may soon develop into a cult and overshadow even Japanese management in popularity.

Ankur Gupta, Bombay

Telegames

New electronic toys that int
with special TV programme
expected to hit the child
market in the US in Septembe
year. These TV toys go into a
on receiving a series of c
pulses from the TV. Made fo
TV programme 'Captain P
and the Soldiers of the Fut
these toys, when activated,
light up and move about
room. A few models can
shoot back at specific chara
on the programme. Needles
say, they will initially cost a l

K. S. Kishore Rao and Pramod K
Bangalore

Stress at work

A team of stress researchers
Manchester University's Insti
of Science and Technol
studied 150 jobs and ranked t
for the stress they generated,
scale of 10. The top five
stressful jobs:
Miners: 8.3; policemen
pilots, prison guards, journa
and construction workers:
politicians: 7.0; tax collec
6.8. The job that ranked 1.50
one with the lowest stress,
that of the librarian.

I.J.S. Bassi, New Delhi

Hazards network

Till as recently as the middl
this century, 'hazards' was a
known word. Since then, th
to Minamata, Three Mile Isl
Bhopal, Chernobyl and m
other major accidents, it
gained sufficient currency to
rive on the centre stage of pu
consciousness.

The idea of forming the Haz
Network (HN) in India germin
in a meeting of environme
groups held in Bombay in Au
1986. The HN is to act as an i
mation clearing house and a
formal platform for public int
groups to exchange informa
and experience to obtain he
one another's programmes to
for partners for particular proj
to float new ideas, to lobby
ernment, etc.

ho manages est?

team of managers — two lians and one Pakistani — rking for Anjali Trading Com- ny, Riyadh, has won the Benson Hedges Middle East Manage- nt Challenge competition.

This competition is now enter- its third consecutive year. Ad- rtisements usually appear in ril every year both in Arabic d English dailies of all Gulf -operation Council (GCC) untries. Around 55,000 entry rms are distributed every year d the whole exercise starts in ril. The competition is open to y team of three executives rking for companies based in y one of the six GCC countries.

The competition is a simulated ercise: a trading company with product lines which it pro- ices and sells itself. This year o, each team started from identi- l positions in terms of business ze, financial resources, etc, and ad to develop its company over a x-year trading period (in reality nly a few hours). The decision ade each year, covering busi- ss technique such as pricing, roduction levels, sales promotion, nance and staffing, are assessed y a panel, using a computer, in rms of probable financial impact. The results are then returned to the finalists so that they can make another set of decisions. Thus the finalists had to undergo the ups and downs of running a business for a number of years in a few hours' time.

The competition involves three stages. Stage 1 involves completion of a questionnaire which demonstrates the team's familiarity with the theories, techniques and language of modern business practice. This initial exercise was set and judged by management training experts from Britain's Ashridge College.

In stage 2, the teams compete with each other to enter the country final and one team emerges the winner. The responses are based on decisions covering pricing, sales promotion, production, capital investment and credit control. Sales demand is required to be generated to determine the success in business operations. Seven teams are chosen — one team from each country, with the exception of UAE, where two teams are chosen from Dubai and Abu Dhabi respectively.

Stage 3 is the final round. It is a simulated exercise in which the team members have to work together to develop a comprehensive strategy to handle a range of commercial and financial variables. Key business decisions have to be taken in a day and a half, which in real life would be made over a ten-year period, to guide a full-fledged trading company. Influences like cash flow, staff costs, production capacity, and sales force size, all come into play, and could well upset the best laid marketing and advertising plans. The finalists also had to increase their company's product range from two to six, keep track of operating and manufacturing costs, arrange funding and finally show total value added efficiency and profit, as well as demonstrate how their performance benefited society. So the winning team is one which demonstrates successfully its ability to adapt to the changing, business world.

Winners are selected on the basis of various determinants including return on assets, market share gained, cumulative revenue, capacity to produce and how they meet their objectives. This year's winners are from a company dealing in construction, chemical and medical equipment. They will receive a gold medal and will be taken on a tour of the world's leading business centres — the London Stock Exchange, Hollywood's film and entertainment industry, New York's Madison Avenue, and Tokyo's car and electronics industry.

V. Nagarajan, Dubai

What will $1 million buy?

Fortune International says:

- Not a seat on the New York Stock Exchange. In late April, a seat changed hands for $1 million, the highest price ever until the next day, when another seat sold for $1.1 million.
- It may not mean much to be a millionaire these days, but $1 million still gets three seats on the American Stock Exchange
- About 6,200 shares of IBM
- A 1978 ten-seat Learjet with 5,000 hours of flying time already logged
- A Picasso oil painting from his surrealistic period
- A five-bedroom house with a pool in Palm Beach, Florida — but not on the beach
- A string of 44 Mikimoto black cultured pearls from Japan with a 4.6 carat diamond clasp
- Construction and one year's rent of an electric billboard in Manhattan's Times Square
- A credit line in a Metropolitan Opera programme for underwriting a new production. Free along with the credit line: an instant entry to high society.

What will Rs 1 million buy?

- One seat on the Bombay Stock Exchange or three seats on the Calcutta/Madras/Delhi Stock Exchanges.
- About 2,000 Telco shares
- Five Standard 2000s
- A largish Husain painting
- A 400 sq ft flat in South Bombay or a 2,000 sq ft flat in New Bombay
- A two-minute spot on Doordarshan during the Reliance Cup Series
- It will not even finance a humble art film, an instant entry to high society.

BusinessIndia

Business India invites readers to send original contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this oupon.

Rs. 50 paid for each published contribution.

Stone bank

Modern banking is still a bit foreign to the citizens of Yap, a small island in Micronesia. Although the bank of Hawaii opened a branch there in 1970, the island still has its stone money bank, without tellers or vaults. The traditional money, huge stone wheels with holes in the centre, is propped against trees and walls along the side of a road.

Their value is determined by the difficulty in obtaining them. The stone money is transferred from family to family when land is purchased or goods are bought. Everyone knows who owns what piece.

M. V. Ramana Murthy, New Delhi

Recycling by order

The first mandatory recycling law in the United States is being enacted in New Jersey, requiring residents to separate glass bottles and newspapers from household garbage, Econews reports.

Under the law signed last month, the state's 567 communities will have to recycle three kinds of materials including aluminium cans

Funding for the new law includes $8 million to launch recycling programmes and develop markets for the materials. This revenue will be raised through higher garbage disposal fees.

Courtesy: CEE-NFS

Past, present, future

The hotel industry is the industry of today with yesterday's menu and tomorrow's price.

VVS, Bombay

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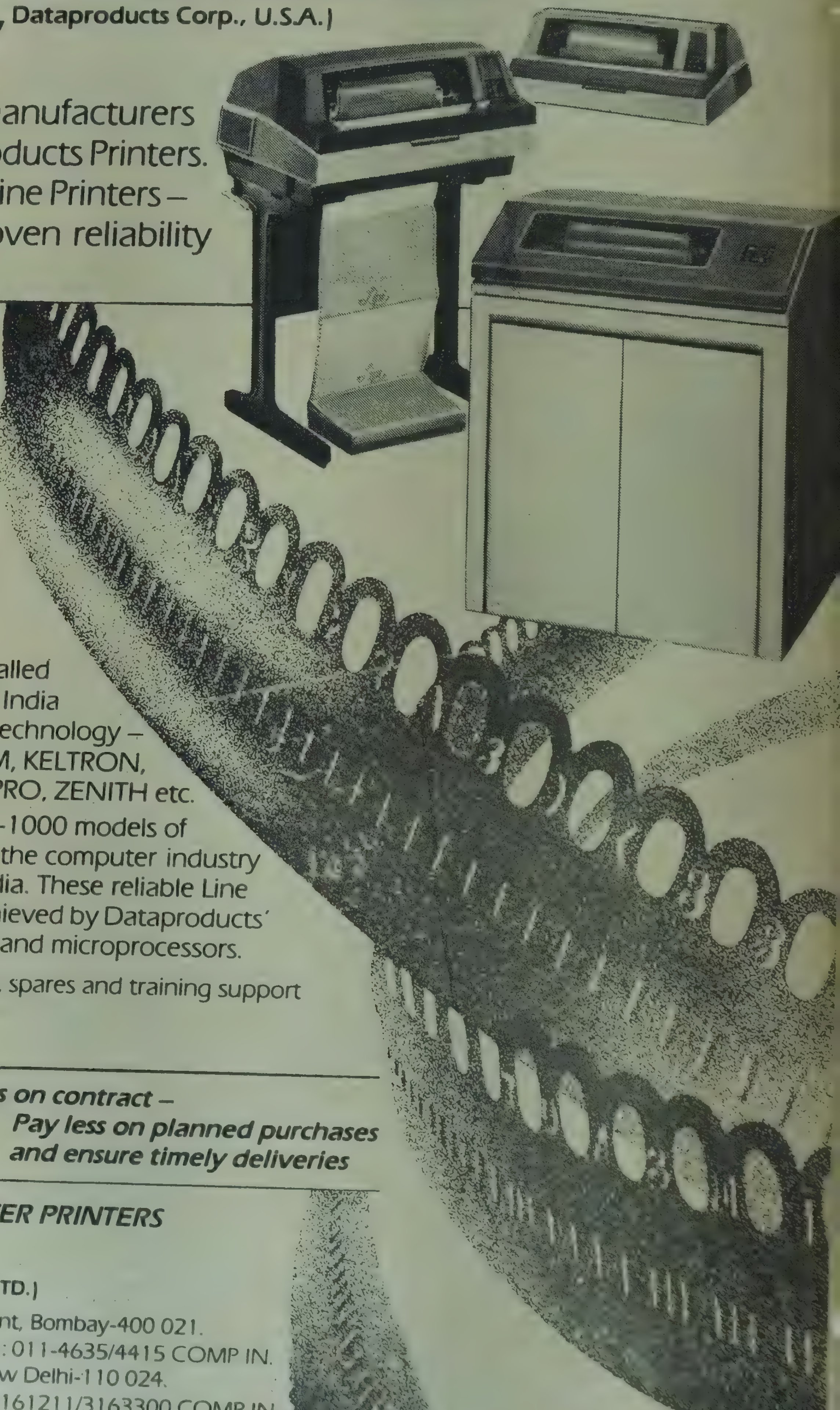

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FERREIRA ASSOC LDS 325/87

Listening Post

Institutions go cold On Birlas

Redistribution of the Birla empire has never been thought an easy job. A decision taken at the monthly inter-institutional meeting at the IIM in June will not make it any easier. At the meeting (attended, as is usual, by the heads of the all-India financial institutions), it was decided that the institutions would not buy or sell any shares of Sutlej Cotton Mills Ltd till the Birla family resolved its internal dispute which is essentially one of management versus ownership. Try as he might, K. K. Birla, who holds the reins with a reported 20 per cent con-trolling stock in Sutlej Cotton, cannot now hope to woo the institutions any more.

Second thoughts?

'Decentralise or privatise for greater efficiency' — this seems to be the operative phrase at the Department of Telecommunications (DoT), New Delhi. This thinking led to the birth of Mahanagar Telephone Nigam, and was responsible for the earlier decision to partially open up the telecommunications industry to the private sector.

As part of its attempt to introduce greater efficiency in the government controlled telecommunications network, DoT thought of a novel idea a year ago. Aware that almost 60 per cent of the international calls made from India did not get through either because the caller could not get the operator or because of delays at the other end, DoT called in bids from private agencies to undertake the job of clearing calls between the local and overseas exchanges.

It was suggested that the private agency would receive payment in the form of commissions on the number of calls made. And DoT even considered one agency Time Services Ltd promoted by Shivdas Kothari.

A year has passed and not much has happened. Is DoT cooling off?

Will KEC swing it?

KEC International, where R. P. Goenka has an 18 per cent equity stake, is believed to have received IDBI approval for its controversial cement project. The approval, given as yet only "in principle", has generated considerable interest in corporate circles here. The 5-lakh tonne cement project, to be located near Jodhpur, is estimated to cost Rs 85 crores.

But KEC is hardly in a position to make such a huge investment. It has outstanding bills of Rs 25 crores blocked in Iran, and transmission towers its bread and butter line, is faring poorly in the domestic market. Thus KEC's own investment in the cement project, estimated by informed sources to be between Rs 15 to 20 crores, will place the company in a difficult financial position.

Observers also point out that the company is moving into a business where its expertise is limited. A suggestion that is making the rounds of financial institutions is that the cement project can be separated from KEC by initially floating a wholly-owned subsidiary Other companies in the R. P. Goenka group should then be persuaded to invest in the equity of the company. This will not only reduce KEC's burden considerably but also expedite the implementation of the project. But R. P. Goenka is believed to be unenthusiastic about this suggestion.

Cause to celebrate!

A while ago, corporate circles were rife with rumours about the Kirloskars drifting apart from Cummins, the American giant, in their old established joint venture, Kirloskar Cummins. Apparently, the grand old man. S. L. Kirloskar himself, flew to the US to sort things out. Reportedly, Cummins have agreed to a senior member of the Kirloskar family heading the company.

So happy were many workers to learn that the family would be firmly in the saddle that several even distributed *pedas* to celebrate the news.

How many industrial families can make claims to such loyalty?

Gas trap

While it is more than clear now that gas based fertiliser plants along the HBJ pipeline are delayed, that knowledge is hardly any solace for the Gas Authority of India Ltd (GAIL) which has to worry about its investment. Efforts to find alternate users aside, GAIL is understood to be exploring completely new options for ensuring gas use in the near future.

Plans, still under wraps, include the possibility of bringing a gas feeder line into Delhi. While this should please the people of the capital who have visions of large volumes of piped gas, the cost of what is in essence a whole new project, will have to be borne by GAIL. Plans include using the gas for power generation in the capital.

GAIL has also been lobbying to get the private sector power plant proposed at Faridabad to use gas. But the promoters seem less than keen on this option, for reasons of their own. Who will win this tussle is still unclear.

While all this is being sorted out, GAIL is still exercised over its big worry that some of the fertiliser plants will not come up at all. Though this is not strictly in GAIL's hands, all these various decisions will finally decide the fate and profitability of GAIL in the future.

Stop and shop

Well, that is the name that the TVS group has reportedly chosen for its proposed chain of western style supermarkets all over India. To kick off, three big stores are planned in Madras alone. Apparently some of the younger members of the family who have returned from overseas are behind this new diversification by the group.

The TVS group appears to be flush with cash from internal generation. Reportedly, they have also carefully used lease finance (some of it from companies within the group itself) to put the group in a strong liquid position. Those who know the group well expect several new companies to be promoted in the near future.

More in the pipeline

Several construction companies were envious of L&T which had earlier bagged a prestigious order to build two hotels in Russia. Actually they have no reason to worry. The Russians are already negotiating for a third hotel in Tashkent. Besides ECC, the construction arm of L&T, there are several contenders for this job, including the ever aggressive Dodsal and also the public sector NBCC.

All the construction companies can take comfort from the fact that apparently the Russians want to contract for atleast a dozen more hotels on the same lines.

Too high a price

When the late Vittal Mallya bought a significant chunk of Spencer's shares, the management, not unreasonably panicked and filed suits to freeze the voting rights on these shares. Since then the matter has more or less been in a state of limbo while it slowly inched through the legal system.

Now, however, some sort of settlement seems to be in the offing. Various names are being mentioned as financiers for the redevelopment of the Spencer's building, a landmark in Madras.

Conservationists are bound to raise a hue and cry. Rightly, such landmarks which are a part of Madras' history, need to be carefully preserved. Should the mere fact that some NRIs want to invest in foreign exchange allow all such considerations to be swept aside?

News and Events

India to get $5.4 billion aid

The Aid India consortium, at a recent meeting in Paris, has announced a commitment of $5.4 billion of concessional aid to India to meet the foreign exchange requirement for ongoing and new projects, required for the modernisation of the country.

The amount granted is an increase of 20 per cent in real terms over last year's figure of $4 billion.

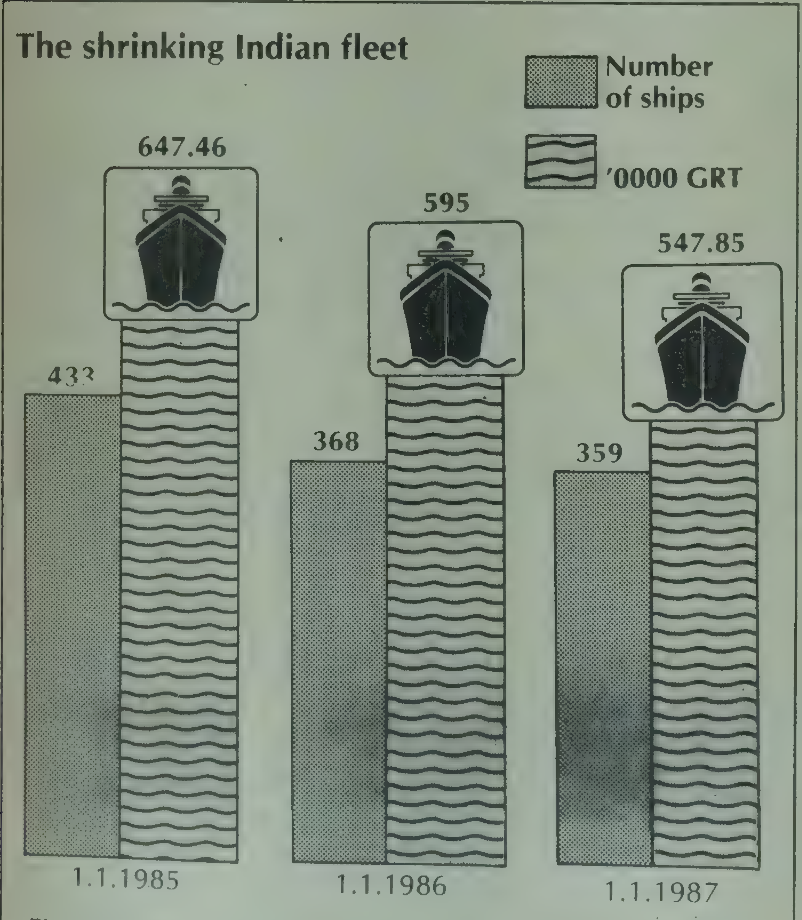
According to S. Venkitaraman, the finance secretary, the consortium was highly appreciative of the government's economic achievements and its aim to press various reforms in the trade and industry sector.

Hemlock deal off

The controversial Hemlock deal for the manufacture of silicon at the National Silicon facility at Baroda has been called off. As a result of the abrogation of the deal, it has been decided to pay Hemlock $200,000 as a settlement fee. This is in addition to know-how charges of $4.69 million of which $4 million has already been paid.

The reasons for the termination of the deal are reportedly that it was far too ambitious for India's needs. The department of alternative sources of energy, which is virtually the only large consumer of silicon, has scaled down its demand to 20 tonnes, on the plea that it had to drastically cut its offtake due to non-availability of funds. Thus, the project, based on Hemlock technology, would have produced 200 tonnes of silicon for which there would have been no takers.

What would be better suited, according to reports, to India's rather minimal requirements, would be the technology developed by Mettur Chemicals Ltd for the production of silicon. The process, which can produce up to 25 tonnes of silicon a year, is capable of producing both silicon for photo voltaic cells as well as electronic grade silicon.



Figures recently released indicate that due to lack of investment the Indian shipping fleet is shrinking every year. It is now expected that the Seventh Plan target of building fleet capacity upto 7.7 million GRT by 1990 will not be achieved. In fact, industry and government sources say that capacity may actually drop to 5 million GRT or even less, considering the present declining trend.

Oil well in Nariman structure

Another well of the Oil and Natural Gas Commission, in the Nariman structure in the Cauvery basin, has started yielding oil. The well, which started producing from 22 June, has been producing 180 barrels of oil and 6,000 cubic metres of gas a day.

Early production systems to collect oil from other wells are already operative at the Nariman structure and about 55,000 barrels of oil are being sent daily by road to refineries in Madras. The estimated reserves of the Cauvery basin are 370 million metric tonnes of oil and gas (oil equivalent).

Fishing fleet to expand

The government has decided to build a fleet of 500 deep sea trawlers — both indigenous and imported vessels. According to a recent statement by Yogendra Makwana, minister of state for agriculture, the aim of the government is to give a fillip to the fishing industry and help it to achieve an export target of Rs 700 crores by 1990.

RBI opposes Haryana loan write offs

The Reserve Bank of India has put its foot down about the move by the Haryana government to waive rural loans up to Rs 20,000 owed to co-operative institutions and banks.

R. N. Malhotra, governor, Reserve Bank of India, told a press conference that if the Haryana government was determined to go ahead with its move, it might hamper the activities of lending agencies in the state.

He pointed out that under current procedures, institutions lik NABARD provide refinance t banks only after they clear the earlier loans. As a result of loan being written off smooth cred operations could get disrupted i the state.

Drop in Soviet textile purchases

The Soviet purchase of India cotton textiles in the current yea has been drastically cut to 10 million metres from 225 millio metres last year. The cut in purch ases has taken place in spite of trade protocol signed last yea which envisaged a growth i Soviet purchase to 500 millio metres by 1990.

According to J. P. Goenka chairman of the Cotton Textil Promotion Council, the Sovie Union, which had been previ ously the largest consumer of Indian cotton textiles accounting fo a third of the total quantum, had now slid to third position after the European Economic Community and the US.

STC bags Rs 42 crore wheat export order

The State Trading Corporation has secured a Rs 42-crore export order from Iran for wheat. This will be the first time that it is supplying wheat to Iran and it will be shipping 350,000 tonnes by December 1987.

Pilot plant for non-woven textiles set up

The Bombay Textile Research Association has installed a non-woven textile pilot plant which is capable of using several textile manufacturing technologies. Non-woven textiles in the form of wool and hair felts have been used for centuries but they are usually equated with cheap disposables. With present technological advancement it is possible to have non-woven textiles which are superior in many ways to conventional products.

Non-woven products include protective clothing, surgical dressings and household articles like needle felt carpets and upholstery.

Total delicensing not desirable

Vijay Kelkar, chairman of the Bureau of Industrial Costs and Prices, speaking at a seminar organised by the Indian Chamber of Commerce on the "perspective of industrial policy", ruled out the possibility of total delicensing since such a policy would open a floodgate of wrong investment decisions by private entrepreneurs.

Referring to sectors like mini steel plants, mini cement plants and mini paper plants, Dr Kelkar said examples of industrial sickness as a result of wrong investment abounded. He thought that in the past the private sector had not shown "enough wisdom" in terms of investment decisions when licensing was liberalised for certain sectors.

Kelkar thought industrial sickness would spread if the government accepted the suggestion of the Chamber for more liberalisation in relation to licensing.

Financial aid to AP co-op mills

The Andhra Pradesh government has announced that it will grant Rs 4.6 crores to co-operative sugar factories in the state to enable them to pay differential sugarcane prices. The assistance will be given to 12 sugar factories to enable them to pay the difference between the minimum sugarcane price fixed by the Centre and that fixed by the state government.

SBI starts PSB counter

The State Bank of India commenced the retail sale and purchase of public sector bonds at its main branch, Bombay, on 2 July 1987.

C. S. Kalyanasundaram, SBI, managing director, inaugurated the special counter for sale and purchase of 14 per cent secured redeemable bonds (non-cumulative interest bearing) of public sector undertakings. R. D. Batliwala, one of the oldest customers of the bank, was the first to purchase a bond from Kalyanasundaram.

District wasteland projects on the move

A wasteland development identification project has been taken up in 147 districts with more than 15 per cent area under wastelands.

The project launched by the National Wasteland Development Board (NWDB) in technical collaboration with the department of space, Survey of India and some other agencies of the government of India, will identify 30 million hectares of wasteland in 24 states and Union Territories. Total projected expenditure is Rs 304 lakhs.

The project is intended not only to identify wasteland but also to find viable reclamation techniques for the areas identified.

Gujarat power schemes approved

The planning commission has approved the construction of the Gandhinagar thermal power extension unit no 4, where a 210 MW generator will be installed, and the Panam canal bed powerhouse, which will have two units of 1 MW each.

The Gandhinagar unit will cost Rs 163.88 crores and the Panam unit will cost Rs 3.33 lakhs.

Kerala board gets order against effluent discharge

The Kerala State Pollution Control Board has obtained an interim order to stop the public sector company Hindustan Newsprint Ltd (HNL) at Velloor from discharging effluents from its factory into the Moovattupuzha river.

The Vaikom first class magistrate, who passed the order, has also directed the HNL managing director to appear before the court on 24 July in person or through a pleader and to file objections, if any, to the court issuing a permanent prohibitory order.

The complaint, filed by the Pollution Control Board, stated that the effluent treatment system at the HNL plant was inadequate and the effluent discharge was far above the limit of 33,000 litres per day specified by the provisions of the relevant Act. The board had brought this to the notice of the company, which had failed to take any action.

Gold loans from Kerala State Co-op Bank

To fill a void created by the defaults and closure of a large number of financial companies, called "blade companies" in Kerala, the Kerala State Co-operative Bank has decided to increase the amount of loans which it is willing to give against gold. The bank intends to provide up to Rs 10,000 per person as gold loans, while it intends to reduce the interest rate from 17.5 per cent to 16.5 per cent.

Contribution curbs on gratuity funds lifted

According to an official press release, contributions to gratuity funds will no longer have to be deposited in a post office saving bank account, in the current account of a scheduled bank, or contributed to the group gratuity scheme of the Life Insurance Corporation of India.

A notification to amend the Income Tax Act is being issued so that previous restrictions could be lifted. The restrictions had been imposed on 9 March 1987 under rule 101 of the Income Tax Rules. They have been lifted with retrospective effect from 1 April, 1987.

Mangalore Refinery pact signed

A "memorandum of understanding" to form a joint company for the execution and operation of the Mangalore Refinery and Petrochemicals Ltd was signed between Hindustan Petroleum Corporation Ltd and Indian Rayon and Industries Ltd on June 26.

The total capital cost of the project is estimated at Rs 1,050 crores at July 1986 prices. Both HPCL and IRIL will have an equity participation of 26 per cent each and the rest will be raised from the public.

The management for the joint venture will be drawn from both HPCL and IRIL. The managing director, technical, will be from HPCL while the managing director, finance and administration, will be from IRIL. The chairman will rotate on a two-year term and the first chairman will be HPCL's nominee. The board will comprise 12 members with equal representation from both promoters.

Blanket exchange scheme broadbased

Exporters of 25 products will be eligible for release of foreign exchange up to a maximum of 10 per cent of their annual export earnings for purposes of export promotion abroad under the new blanket exchange permit scheme announced by the Reserve Bank of India.

According to a press release, the new scheme is more broadbased and flexible than the existing scheme.

Contract labour prohibited in fire clay mines

The government has prohibited the employment of contract labour in fire clay mines after consulting with the central board. According to a notification, the work covered relate to overburden removal, raising and stocking of fireclay, loading and transportation and dewatering of mines.

P. A. Sangma, minister of labour, while presiding over a meeting of the central board said that after having achieved success

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★ Calcium Carbide	55
★ Ferro Silicon	140
★ Dissolved Acetylene	55
★ Industrial and Medical Oxygen	90
★ Resinous Concrete Products (Synthetic/Cultured Marble)	190
★ PVC Floor Tiles	130
★ Ceramic Floor Tiles	600
★ Yarn Texturising	85
★ Shoddy Woollen yarn	140
★ Open ended spinning	140
★ Non-ovens	150
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★ Low Cost Hearing Aids	30
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★ Three Star Hotels	200

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H & S — FOR PROJECTS THAT WORK

in the first crash programme for the implementation of seven labour laws, the central chief labour organisation had launched another crash programme. The emphasis would be on including the contract labour law, which had been identified at the state level ministerial conference.

New Central loans of Rs 900 crores

The government of India has announced the issue of two new loans of a total of Rs 900 crores, representing the second tranche of its market borrowing programme for 1987-88. The new loans are a 10.50 per cent loan, 1977 (second issue) and an 11 per cent loan, 2002 (second issue).

New incentives for electronics

The government of Maharashtra has revised the incentive scheme which it drew up in 1985 for the electronics industry.

The sales tax rebate will in future be available either in the form of an interest free sales tax loan or as a deferral. Capital incentives in the form of interest free loans repayable over a period of 12 years will be offered to units set up outside the Bombay and Pune metropolitan regions. Small scale units will be eligible for an incentive of 30 per cent of fixed capital with a ceiling of Rs 10 lakhs. New medium and large scale units will be entitled to an incentive of 25 per cent of fixed capital cost.

All eligible units will also be entitled to refund of octroi duties payable to local authorities.

CIFCO starts OTC

Champaklal Investment & Financial Consultancy Ltd (CIFCO), Bombay, has started over-the-counter selling of units, debentures, odd lot shares and public sector bonds from 1 July (see Market News column).

According to Bhupen Dalal, CIFCO chairman, the role of the new subsidiary, CIFCO-OTC, will be to create a secondary market.

GNAL to start scooter production

Gujarat Narmada Auto Limited (GNAL), a wholly owned subsidiary of Gujarat Narmada Valley Fertilisers Co Ltd (GNFC), will start commercial production of scooters in July. In the first year, GNAL hopes to produce 40,000 scooters.

The scooter unit in Bharuch district of Gujarat began trial productions from November and has rolled out over 9,000 scooters.

The GNAL management estimates that the unit will break even once 60 per cent of capacity utilisation is reached. It will, however, start making profits when 100 per cent capacity is utilised (1,00,000 scooters) which the management hopes will be by 1989-90.

Atul to set up butachlor unit

Atul Products, a member company of the Kasturbhai Lalbhai group, is to set up a new unit for the manufacture of 500 tpa of butachlor (technical). The product is a herbicide for weed control in rice production. According to the company, the demand for the product is likely to go up to 2,000 tpa by 1992 from the present level of 1,400 tpa. Against this the installed capacity is 100 tpa and the current production a meagre 20 tonnes.

The new project costing Rs 3.15 crores will be located at the group's existing facilities in Bulsar district, Gujarat. Of the project cost, internal resources will provide Rs 1.1 crores and financial institutions Rs 2.05 crores.

L&T to supply first coffee agglomeration plant

India's first coffee agglomeration plant, designed to give the final product the granulated appearance of ground coffee, is being supplied by Larsen & Toubro Limited to Brooke Bond India Limited at Hosur. The plant has a capacity of about 2,000 tonnes per annum. The agglomeration plant is being built in technical collaboration with Niro Atomizer, AS, Denmark.

Agglomeration is a process that improves the dissolving properties of instant coffee. The process is carried out by wetting the spray dried instant coffee powder with either demineralised water or coffee extract and then re-drying it in a vibrofluidiser.

The use of quality coffee extract as a wetting agent adds to the flavour and aroma of the final agglomerated product. The degree of agglomeration is controlled to give the final product the desired size, aroma and flavour.

PEC cement plant inaugurated in Indonesia

A modern cement plant in Indonesia set up by the Project and Equipment Corporation (PEC) and Walchandnagar Industries Limited was formally inaugurated at the end of June. The plant has a capacity of 2,000 tonnes per day.

According to a PEC press release, the project had suffered delays but the trial production had begun in May 1986 and the plant had been handed over to the Indonesian public sector agency, PTSP Pudaug, in December last year.

Photophone signs agreement with Polaroid

Photophone Industries India Limited recently signed a collaboration agreement with Polaroid Far East Limited, a wholly-owned subsidiary of Polaroid Corporation, USA. Photophone will shortly manufacture for sale to customers in India, a photographic system for identification and documentation, using self-developing instant photographic technology invented by Polaroid.

The market in India for photo identity cards, passport photographs, driver's licences and other documents requiring photographs, is potentially one of the largest in the world.

Polaroid Corporation, celebrating its 50th anniversary, invented and developed the field of instant photography. The company, headquartered in Cambridge, Massachusetts, manufactures and markets worldwide a variety of state-of-the-art imaging products, for use by the general consumer as well as those in the fields of science, industry, medicine, education and government.

Photophone, manufacturers of the Hot Shot range of cameras, is an integrated photographic company in India. The agreement with Polaroid to manufacture the new system for photo identification and document photography will expand Photophone's activities in India.

SCI, ONGC to float new corporation

The Shipping Corporation of India (SCI) and the Oil and Natural Gas Commission (ONGC) have decided to float a new corporation which will own and operate offshore support vessels (OSVs) for ONGC.

To start with, the new corporation will own 30 OSVs with a book value of Rs 150 crores. Although the SCI board has cleared the joint venture proposal, the ONGC board is yet to give it the green light. The equity capital of the new corporation is yet to be decided but it has been agreed in principle that SCI will contribute 51 per cent and ONGC 49 per cent. It is expected that the new corporation will start functioning from October.

Chhabrias take over Mather & Platt

The Chabbrias have acquired the controlling interest in Mather & Platt (India) Limited a company that manufactures pumps, fire-engineering products and food and textile processing machinery.

M. R. Chhabria has been appointed chairman of the company, following the reconstitution of the board. The Chhabrias have acquired a holding in Mather & Platt from the parent company

Mather & Platt (UK) Ltd, which holds an 80 per cent stake in the Indian subsidiary.

Tisco confirms expansion

At Tisco's annual general meeting held recently, chairman Russi Mody said that Tisco can expand its steel making capacity by one million tonnes a year in about a year's time.

If additional capacity is to be created for making steel by the conventional process, it would cost Rs 2,500 to Rs 3,000 crores, according to the company. However, Tisco has formed a new company, Tata Korf Engineering Services Ltd, in collaboration with Korf of Germany, which has worked out an advanced technological process by which additional capacity can be set up at a cost of only Rs 1,000 crores.

Blow Plast launches ball pens

Blow Plast Limited has introduced ball pens and refills in the Indian market, under the brand name Magna. Blow Plast also plans to introduce other product categories like rolling writers, sketch pens, highlighters, etc.

Lintas Worldwide ties up with Japanese agency

SSC+B:Lintas Worldwide and Japan's second largest ad agency Hakuhodo are to establish two equally owned advertising agencies in New York and Tokyo to accelerate co-operation on major international client business.

The new joint ventures are the latest steps in the expansion of a formal business agreement drawn up between SSC+B:Lintas and Hakuhodo in 1982 that was designed to make resources of both agencies available for mutual clients seeking expansion into new markets.

The Tokyo joint venture agency is called Hakuhodo SSC+B:Lintas Co. In New York, the new agency will be called SSC+B:Lintas Hakuhodo Co.

GIC records all-round growth

The General Insurance Corporation of India and its four subsidiaries together earned a gross premium income of Rs 1,423 crores in 1986, representing a growth rate of 18.2 per cent over the previous year's income of Rs 1,204 crores. The underwriting profit of the corporation increased from Rs 12 crores in 1985 to Rs 31 crores in 1986. With the income from investments amounting to Rs 288 crores (Rs 252 crores in the previous year), the profit before tax increased from Rs 264 crores to Rs 318 crores, and that after tax from Rs 157 crores to Rs 185 crores. The corporation maintained its dividend on equity at 25 per cent.

Datamatics wins UNEP contract

Datamatics Consultants Limited has signed a major software contract with the United Nations Environment Programme in Kenya. The project involves building a bridge and porting software from the IBM S/34 to the Wang VS 65 and will require development of sophisticated filters.

HTA brings out market guides

HTA has brought out new editions of the Thompson Urban Market Index and Rural Market Index — marketing reference guides.

The Urban Market Index, the fourth in the series, was developed under the guidance of an advisory committee that included, among others, an eminent economist and a statistician of renown. This edition covers 218 cities (Class I towns) which have nearly 60 per cent of the urban population.

The Rural Market Index projects the market potential of 383 districts with the help of 23 indicators — as against 10 in the 1972 volume — including such important variables as pumpsets and tubewells, tractors, fertilisers, rural electrification, bank deposits and advances.

Events

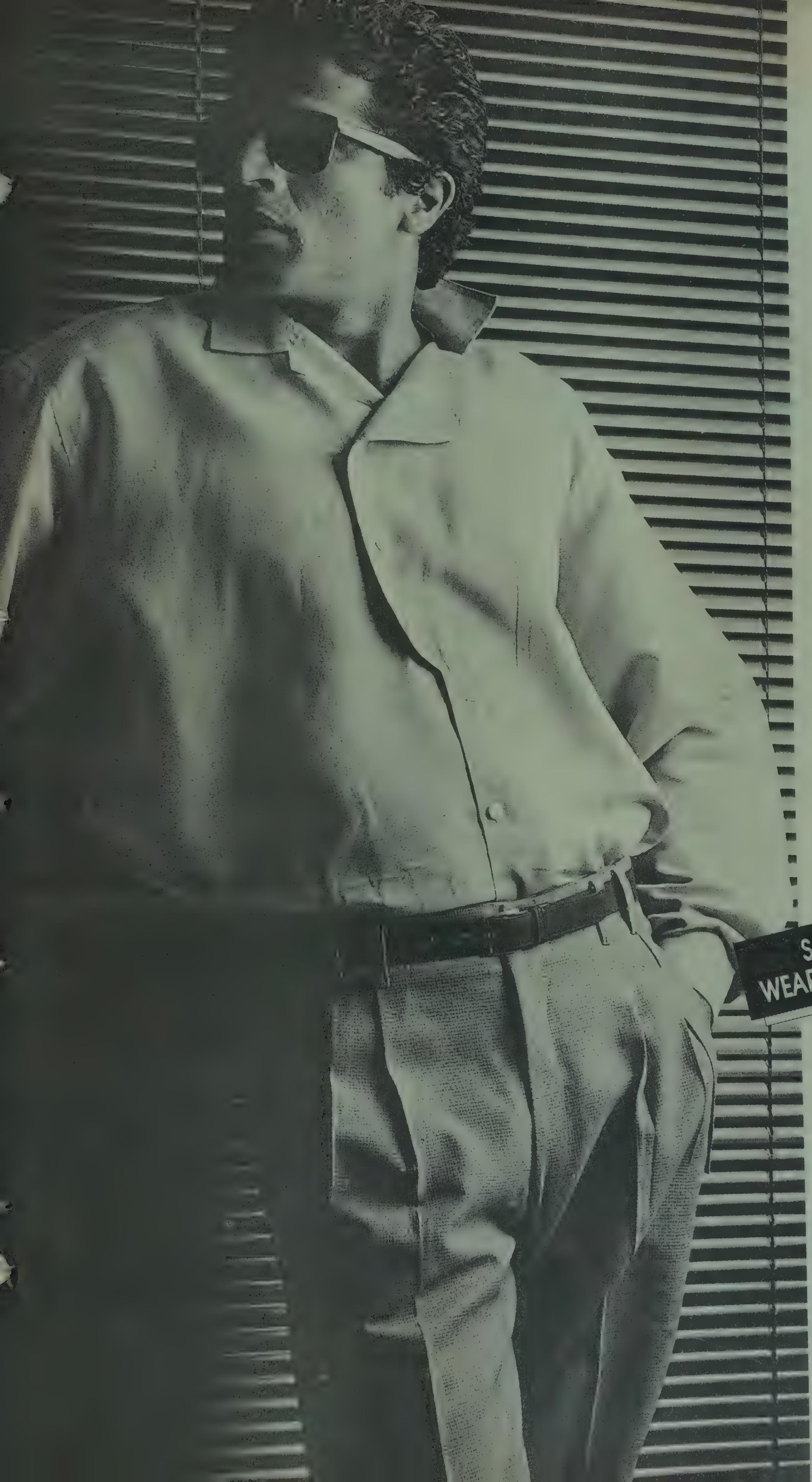
APPA '87, the Automotive Parts and Accessories Association show, will be held on 24 to 27 August at McCormick Place East, Chicago, Illinois, USA. Diners World Travel and the US Consulate in Bombay are making the travel arrangements for Indian visitors.

Awards

The Bharat Chamber of Commerce's R. N. Bangur Memorial Award on Management Development for 1986 has been given to Rajen Mehrotra, general manager (works), Sandoz (India) Ltd, for his valuable contribution to management development through education and training.

Diary

Date	Subject	Organiser	Venue
13-18 July	**Seventh Seminar on Organisation Design and Development**	Centre for Organization Development, Hyderabad (Tel: 35711)	'Nageena', Road No 3, Banjara Hills, Hyderabad
15-16 July	**Media Trends: Role of Communicators**	Media India, New Delhi (Tel: 651496)	Hotel Samrat, New Delhi
15-16 July	**Computer Appreciation for Senior Executives**	Tata Unisys Ltd, Bombay (Tel: 4308161)	Oberoi Grand, Calcutta
21-23 July	**EDP Audit**	Tata Unisys Ltd, Bombay (Tel: 4308161)	Taj Coromandel, Madras
18-19 July	**Regional Marketing Seminar**	Institute of Cultural Affairs: India, Calcutta (Tel: 448788)	Hotel Taj Palace, New Delhi
18-20 July	**12th National Garment Fair**	Clothing Manufacturers Association of India (Tel: 4928245)	Hotel Adayar Park, Madras
20-21 July	**A Workshop on Quality Circles**	Baroda Productivity Council (Tel: 322431, 322380)	Hotel Welcomgroup, Baroda
25 July	**Zero Base Budgeting**	Madras Management Association (Tel: 475800, 478311)	Connemara Hotel, Madras
28-30 July	**Database Management & Design**	Tata Research Development & Design Centre (Tel: 62453)	Delhi



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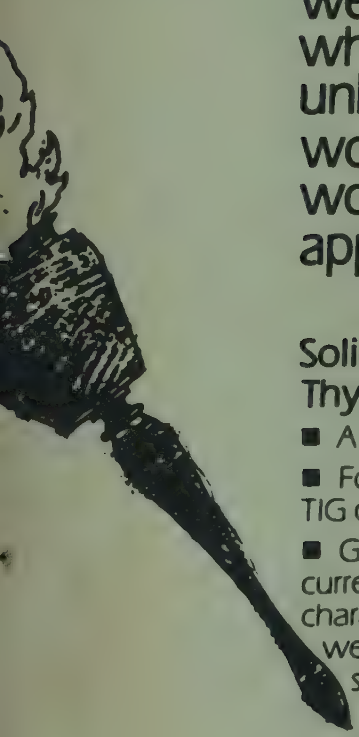

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Businessmen in the News

Bringing video to Hinduism

Video magazines in cassette form is a fairly new concept in India. "While the existing magazines of this kind concentrate on cinematic themes, the emphasis in our magazine will be on religious and cultural themes," explains Manian, managing director, Gnanabhoomi Visions Ltd (GVL). The first issue of this monthly video cassette magazine has just been released for sale.

Manian is a well known name in Tamil journalism. He owes much of his popularity to his travelogues entitled *Idhayam Pesukirathu*, which he wrote during his long stint with the Tamil Weekly *Ananda Vikatan*. In 1978, Manian set up his own weekly — *Idhayam Pesukirathu*. The first issue sold 1,78,000 copies, "which is a record in Tamil journalism", claims Manian.

Manian: visionary technocrat

In 1981, he started *Gnanabhoomi* wherein "the attempt is to present Hinduism as a scientific, practical and rational religion." 1982 saw Manian produce audio cassettes for children based on tales from the Ramayana, Mahabharata and similar material. The present video magazine in cassette form is the extension of all these attempts at propogating Hinduism.

GVL was incorporated in May 1987, with an authorised share capital of Rs 20 lakhs. The subscribed share capital is Rs 5 lakhs brought in by the promoters and through private placements. "We plan to go public next year," says Manian.

The video magazine, priced at Rs 190 a cassette, will be distributed overseas by V. G. Paneerdas & Co, while L. R. Swami & Co will handle the domestic distribution. The initial production will be 400 copies per month, half this number will be distributed overseas.

Tough task

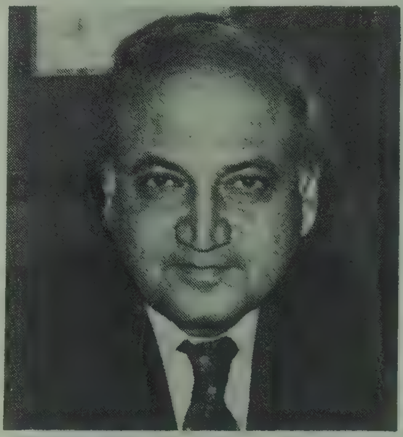
Kishore Chhabria has recently been appointed managing director of Shaw Wallace. He officially succeeds S. P. Acharya who failed to get an extension at the company's stormy annual general meeting in November. After that, the company was managed by the financial institutions who set up a committee headed by M. K. Kumar. However, the Chhabrias got a seat at Wallace House at another meeting convened in March. Besides Manu and Kishore, three of their nominees were inducted into the board.

Kishore Chhabria was based in London before his brother made a bid for Shaw Wallace in January 1985. As the purchase of R. G. Shaw's stake in the Indian company got into legal complications, Kishore moved to Bombay to assist his brother. His job now at Shaw Wallace is not going to be smooth sailing. Several senior executives of the Acharya era, a disenchanted lot today, have either resigned or are on their way out. Chhabria's first task, informed sources feel, is to restore confidence in the company.

Chhabria: rough sailing

Developing work habits

"We say to ourselves that we must become more efficient, improve the quality of our goods, but ensure that no labour displacement takes place. These (goals) are conflicting... We may not want it, but this a fact of life. We are not prepared to face reality, and when one is confronted with such issues, we tend to neglect them, leaving the consequences for the future." Keshub Mahindra, addressing the 54th annual general meeting of the Employer's Federation of India, at which he was re-elected president, emphasised that rather than blame the government for what it has or hasn't done, it is our collective attitude to economic development that today needs to be fundamentally changed.


Mahindra: the answer lies with us

"We forget," Mahindra said, "that a work habit starts in our schools and in our homes. We forget that unless we make the young proud of the jobs they undertake and seek excellence in their individual performances, we will not develop any work habits. This ethos must be fortified through a system of payment by results rather than through extortion or charity." He felt that a person could realise his self worth only through a challenging job and a "fair reward based on meritocracy and a share in the fortunes of the organisation" to which he belonged.

Mahindra felt that there was an urgent need for a forum for bilateral discussions between business and labour where all these issues could be sorted out. "Let us leave government out of this. There are imperatives and compulsions of politics which make it difficult for government to take stands. Which government, for instance, can support closures and still get votes? Their motivation is different. In a democracy, we must understand this. The only answer lies amongst ourselves..."

Yet another success

Abhey Oswal, chairman of Bindal Agro Chem Ltd and head of the Oswal Agro group of companies, has reason to be proud. After steering Oswal Agro Mills Ltd to success, he has now done the same for Bindal Agro. "Last year, we announced a handsome dividend of 30 per cent against the 20 per cent we'd promised earlier," Oswal says. "In the coming year, we plan to increase our sales from just Rs 2.78 crores last year to Rs 50 crores.

Much of this growth will come from expansion of the existing capacities of the soyabean processing plant and the edible oil refining plant to 60,000 tpa and 20,000 tpa respectively. "We also plan to set up an oxygen bottling plant at Mandideep and hope to launch shortly a revolutionary compact portable rice mill, weighing 360 kg and capable of milling 1,000 kg of paddy an hour. This machine, priced at around Rs 75,000 as against Rs 4 lakhs for the normal machine, will also produce more polished rice

Oswal: from strength to strength

than conventional machines do, fetching farmers around Rs 400 more per tonne of paddy," Oswal adds.

Keeping fit

"We were the first private sector company to manufacture 6 APA in India, and now plan to expand our capacity," says Bhai Analjit Singh, managing director, Max India Ltd. In fact, the company registered sales in excess of Rs 12 crores during the very first year of production, and gross profits of Rs 1.29 crores (net Rs 92 lakhs). Now the company plans to increase the production of IAPA (an intermediate for the manufacture of ampicillin and amoxycillin) from an existing 80 tpa to 120 tpa.

"We've also set up a project for the manufacture of 7-ADCA, used in the manufacture of cephalaxin, and in April this year, when the project went on stream, we were the first company to manufacture this vital intermediate in this country," Singh adds. "Soon, by September this year, we should also start manufacturing 60 tpa of PAA (phenyl acetic acid) a year, used by manufacturers of Penicillin G, industrial perfumes and textile auxiliaries.

"All these expansion and diversification programmes of the company are expected to cost around Rs 5.97 crores," Singh says. Towards this end, the company plans to raise Rs 2.52 crores through the issue of 1.26 lakh convertible debentures (of Rs 200 each) on a rights basis.

Singh on his part is confident. "These plans will not only give the company a broader product mix but also add resilience to its turnover and profitability," he adds.

Singh: adding on

Strengthening concrete

Peter Laeng, president of Sika AG, Zurich, was in Calcutta recently to attend an inaugural board meeting of Sika Qualcrete Pvt Ltd an Indo-Swiss joint venture. Started this year with an equity capital of Rs 25 lakhs, Sika Qualcrete will manufacture flexible, protective water-proof coatings for roofs. These are expected to find applications in the industrial, irrigation, transportation and housing sectors.

Laeng: with an eye on infrastructural development

An associate of the well known Development Consultants Pvt Ltd (DCPL), Sika Qualcrete was set up by Bhaskar Sen. Sen has been one of the few NRIs to respond to the West Bengal government's invitation for investments in the state. He entered into technical and financial collections with Sika AG; leaders in construction chemicals manufacture, having over 40 subsidiaries in 30 countries. With access to Sika's process knowhow, production technologies and R&D facilities, the Indian company, which expects to achieve a turnover of Rs 1.75 crores by 1990, has set up a highly automated factory at Kalyani.

Apart from their practical utility as construction chemicals, the company's products, which will be new in India, are also expected to bring down construction costs significantly. The company claims, for example, that there could be as much as 15 per cent savings of cement with the use of the new chemicals. This would translate to about 10 per cent net saving after the cost of the chemicals is taken into account.

"In India like everywhere else, there is a growing need to build massive structures like tunnels, bridge girders, floating caissons, drydocks and various other kinds of industrial infrastructure," says Laeng.

Resonating magnetically

Vinod Bhalla, president of Exchange Technologies Inc of Baltimore, Maryland, USA, is a man with a dream. Bhalla, who migrated to the US in 1967, would like to see that India becomes the third country in Asia, after Saudi Arabia and Japan, to install (and later manufacture) nuclear magnetic resonance equipment, which is used for medical diagnosis.

"The advantages of NMR over other diagnostic methods such as CAT-scans or X-rays, is that it involves no radiation," Bhalla says. NMR uses an extremely powerful magnetic field to excite hydrogen ions within the body and then measures the time that the ions take to return to their original positions.

Bhalla has worked out an arrangement with Dr Raymond Damdian, who invented NMR whereby his company, FONAR, would enter into a joint venture with Exchange Technologies to manufacture FONAR's equipment in India. The first of FONAR's NMR equipment is being installed at the Nizam Institute of Medical Services in Hyderabad. "After we install three instruments, we will begin a phased manufacturing programme. After the tenth is installed, we hope that the entire equipment can be manufactured in India," Bhalla says.

Bhalla: realising a dream

Trade and aid

"My country is willing to fund up to Rs 600 crores worth of projects in India in accordance with a soft loan facility set up last year. And this will be in addition to the £100 million (approximately Rs 200 crores) aid that India gets every year," is the message the newly appointed British High Commissioner for India, Sir David Goodall brings with him.

Goodall: glad tidings

Striking a note of confidence, Sir David explains how the UK has, "over the past six to seven years, come up on technological development in a better way than before. Today 11 to 12 per cent of manufacturing products in Britain relate to high technology".

He believes that the UK will endeavour to become the largest technology supplier to India as it once was (over the last six years it has slipped to the third position). "Today we have achieved the highest rate of growth of any country in Europe," he says.

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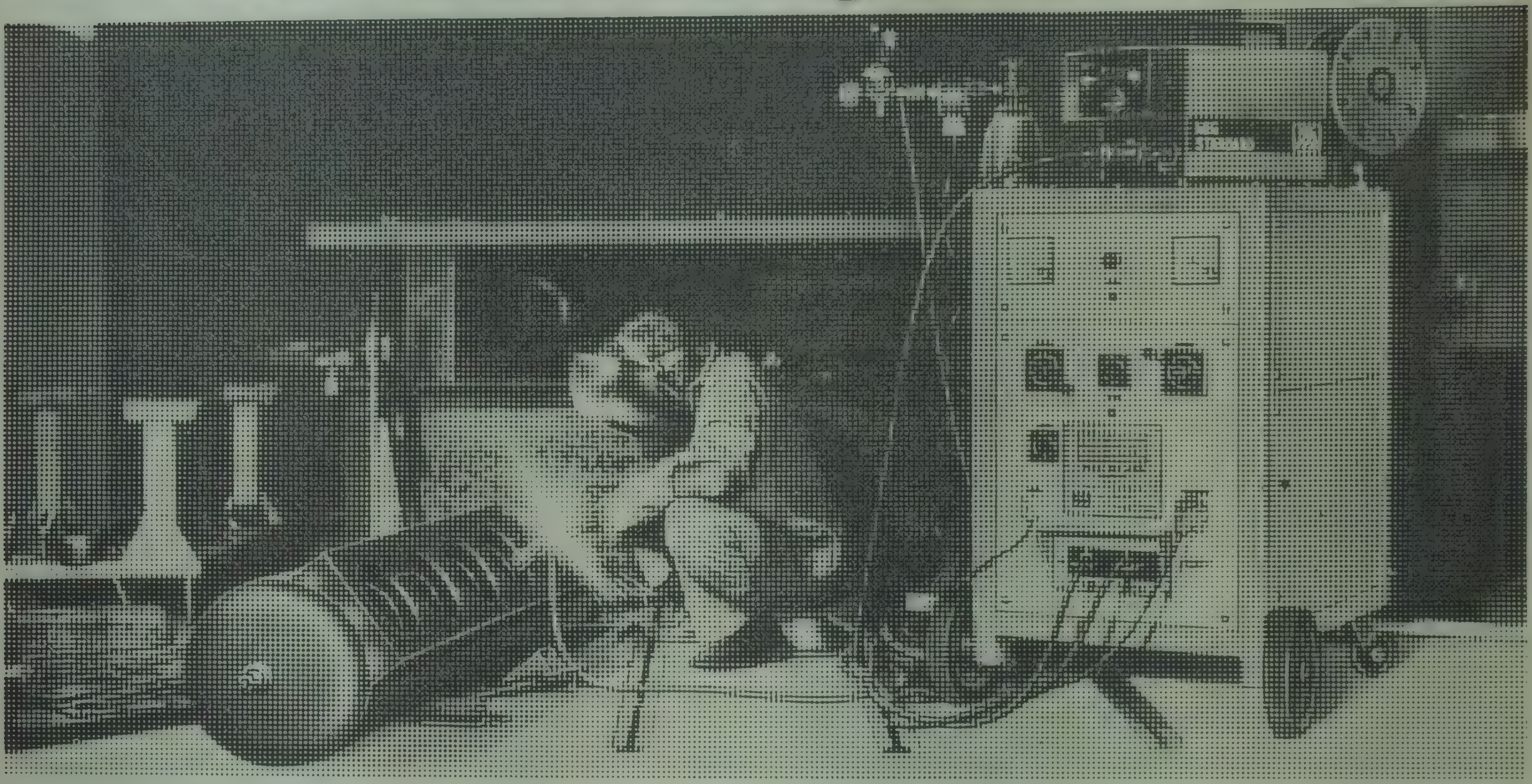

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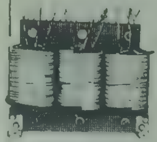

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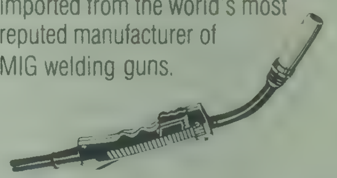

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Business Notes

Toilet soaps

Not so clean future

The Rs 550 crore toilet soaps industry, churning out 45 or 50 different brands with different price tags to suit different pockets, is heading for a major crisis in the near future. Prices of all categories of toilet soaps are likely to witness sharp increases following the steady rise in the price of its main input; namely, industrial oils. As a result, the industry fears that there is going to be an overall fall in consumption and in the process shakeout some smaller manufacturers may be thrown out of the business.

Steep hikes. Says Adi Godrej, president of the Indian Soaps & Toiletries Makers' Association (ISTMA) and director of the Bombay based Godrej Soaps Ltd, which manufacture popular toilet soaps like Marvel, Crowning Glory and Cinthol, "industrial oils constitute nearly 70 per cent of the total raw material cost for toilet soaps." And this commodity has been quoting higher in the oil market since June last year. "Over the last one year, the average prices of different industrial oils went up by 75 to 80 per cent" says Godrej. For example, rice bran oil was readily available at about Rs 9,400 a tonne a year ago. Since then its price has shot up to Rs 17,000 a tonne — an increase of 85 per cent. Moreover, supplies of most of the oils have dwindled too, although, production has actually increased. This is because more oils are produced now for the edible grade. This is supplied to the vanaspati units to take the advantage of the huge difference in excise duty rebates given by the government for manufacture of minor oils. While the rebate in the excise duty for industrial grade oil is only Rs 3,200 a tonne it is as much as Rs 6,500 a tonne for vanaspati.

Besides the obvious resultant increase in soap prices, another indirect inflator is the higher excise duty that they will attract. In the union budget for 1987-88, excise duty on soaps was levied on two rates. Soaps of the assessable value of Rs 25 per kg and less (ie. the price excluding excise duty and transportation charges but including post-manufacturing expenses like packaging) attracted a duty of 15 per cent and above Rs 25 a kg it was 25 per cent. Earlier, only the premium toilet soaps, like Lever's Liril, Pears and Caress, Godrej's Marvel, Crowning Glory and Cinthol and Ponds' Dreamflower, were subject to the latter rate and attracted higher duties. "But now, with the oil prices nearly doubling, even most of the popular soaps, like Liver's Lux and TOMCO's Hamam, Jai and Rexona, are likely to attract 25 per cent duty," says Godrej.

Bleak prospects. The overall production of toilet soaps by the units reporting to ISTMA has already declined by 3.5 per cent from 225,000 tonnes in 1985 to 217,000 tonnes in 1986. And Godrej feels that if the supply position of oil does not improve immediately, the prices of all categories of soaps are going to soar, leading to a further fall in demand and production.

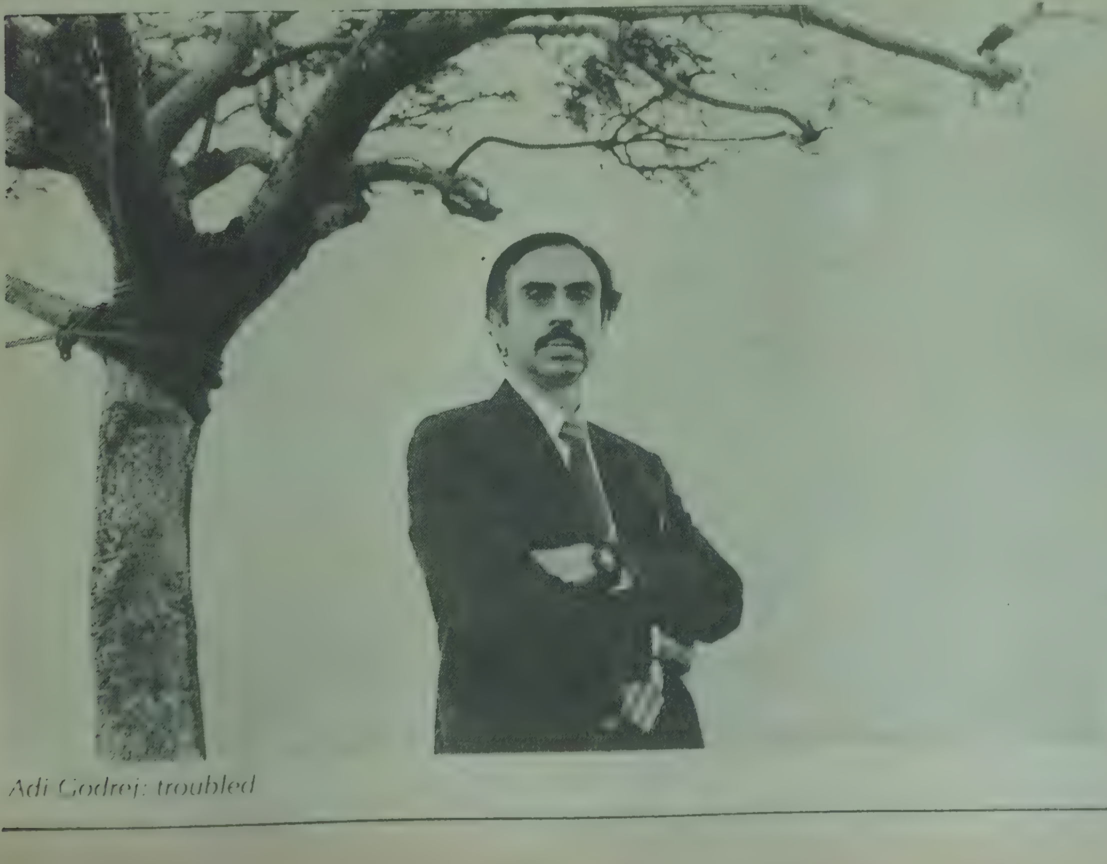
It is also feared that in a fiercely competitive market like toilet soaps, the imminent price rise would threaten the survival of some of the smaller companies having smaller shares in the market. It is because, unlike larger companies like Levers, Godrej and TOMCO, it is difficult for the smaller units to absorb the rise in cost of production internally. Larger units, by virtue of their much larger scales of operation and wider range of products with different price ranges, are much better off in this count. For example, says the director's report of Hindustan Lever (year ended December 1986), "Soap-making oils and major chemicals registered increase in costs. However, price increases for finished products were partly contained through cost economies in manufacturing operations."

"But we have reached our limit and cannot hold the price line any longer. Something ought to be done immediately," lamented Godrej. The ISTMA, in its plea to the government, has already suggested two measures: firstly, for soaps attracting 25 per cent duty, the assessable value should be raised to Rs 35 a kg and secondly, to augment the supply of soap-making oils, the government should immediately increase imports through its canalising agencies.

Imports are more desirable because, the domestic supply is bound to fall further during the current lean months (up to October). Also, the prices currently in the import market are very depressed (less than half of the domestic prices in case of most of the oils) due to a worldwide glut.

Urgent action needed. The government also appears to be thinking on the same lines. According to Godrej, "Although our request to raise the assessable value of Rs 35 a kg has not been accepted, the government is favourably considering the import option now." But, it ought to act fast, if not for anything else but that soaps constitute an important part of the essential commodities of the common man.

DILIP MAITRA



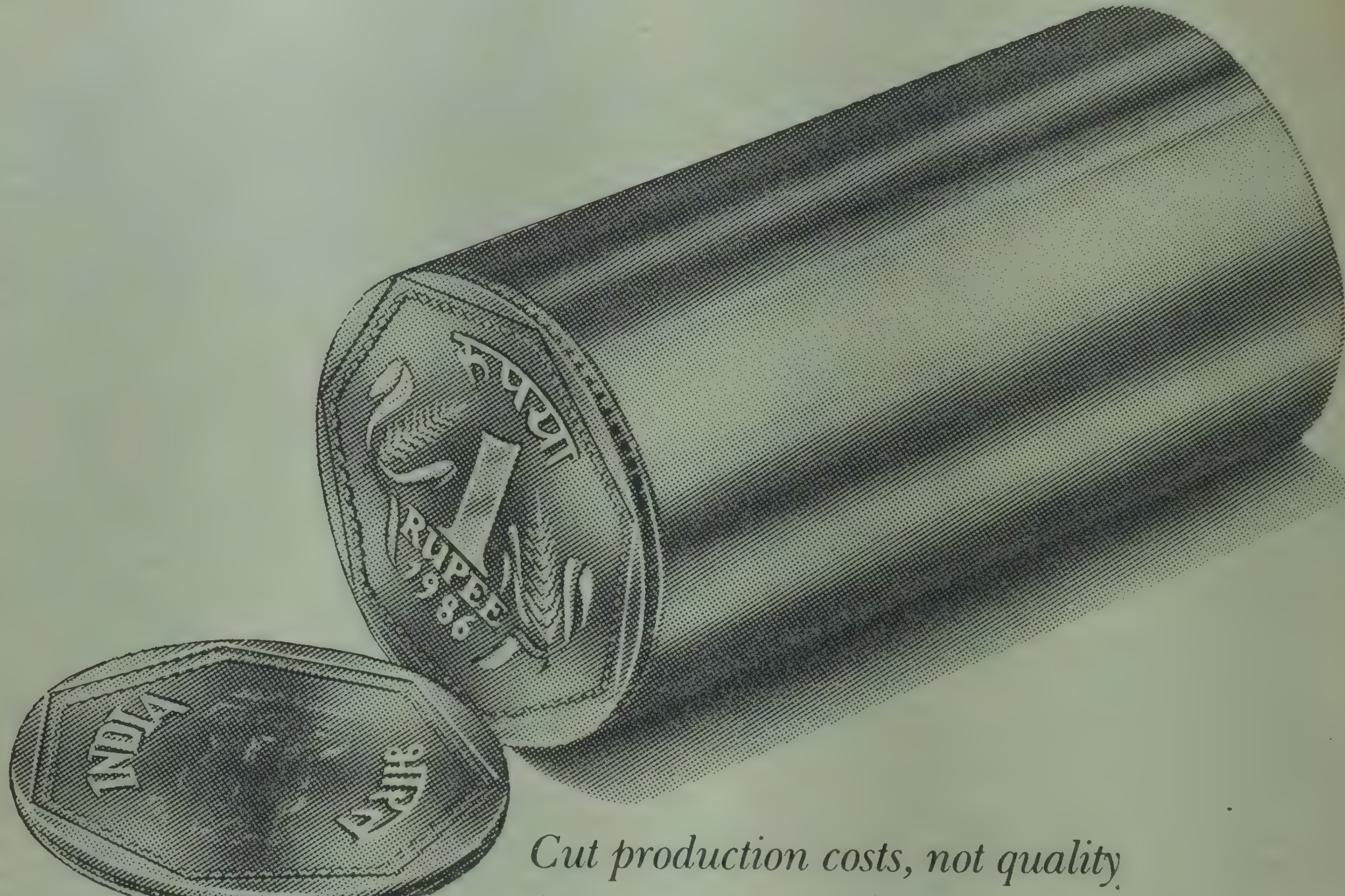
Adi Godrej: troubled

Rubber

Users sore over price hike

Inadequate releases of imported rubber by the State Trading Corporation (STC) from its buffer stock have triggered off a price increase, and yet another barrage of charges and counter-charges between users and planters. Prices of the RMA-4 grade of rubber (which accounts for half the total consumption and is used mainly by tyre manufacturers) have crossed the bench mark of Rs 16.50 a kg to cost Rs 18.50 in the first week of July. Users also accuse the STC of releasing imported rubber at Rs 17 a kg.

Planters contacted by *Business India* in Kerala strongly assert that the present price is fair and that any price below Rs 17 will mean



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Technical Data

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square max. side	:	210 mm
Power of motor	:	7.5 KW

Cobra Hacksaw
They come in two versions — the Cobra 9 and the Cobra 12.

Technical Data	Cobra 9	Cobra 12
Cuts round dia.	225mm	300mm
square side	200mm	300mm
Power of motor	0.75KW	1.5 KW

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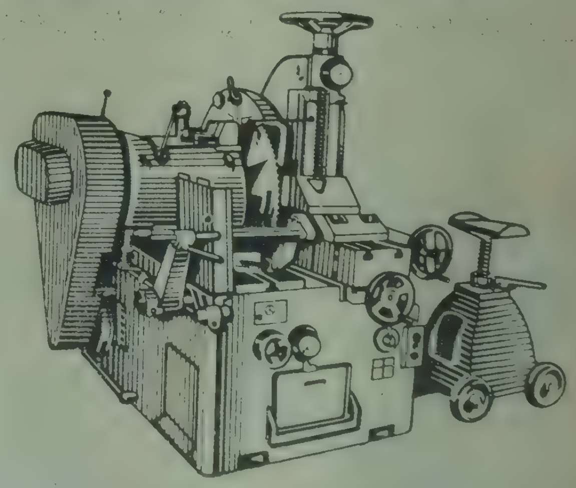

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losses for many small estates. Some companies such as Tropical Plantations Ltd realised an average price of only Rs 14.83 a kg recently, while more efficient producers such as Malankara Rubber Co saw profits per kg decline from Rs 4.58 in 1985-86 to Rs 1.02 in 1986-87.

Reasonable and fair. Refuting charges of profiteering levelled by users led by the All India Rubber Industries Association (AIRIA), the planters say that the new price band of Rs 16.50 to Rs 17.50 was fixed by an independent body, the cost accounts division of the union finance ministry, after a detailed study in 1986 of big, small, private and public sector plantations. Rubber Board chairman P. C. Cyriac agrees that this price is reasonable for growers and fair to consumers.

But this argument does not cut much ice with M. K. Kapoor, president of the AIRIA. "Why don't they make the report of the finance ministry public?" he asks. "The earlier decision of the government (taken in early 1986) to keep the price level at Rs 16.50 a kg was taken at a joint meeting of rubber planters and users, along with officials of the concerned ministries. Even at that time, we felt that the price was high, but we accepted it because we were tired of fluctuations and wanted some stability. Logically, if they wanted to increase the prices again, they should have called another meeting."

Kapoor also points out that about 77 per cent of the rubber plantations in Kerala (which produces 92 per cent of the country's total output) are small holdings, and estimates their cost of prouction to be less than Rs 6 a kg. "Sri Lanka, which is just across the bay, has a cost of production of Rs 5.60 a kg," he says, and goes on to give examples of other countries where costs are lower than what is claimed by planters in India — Malaysia (Rs 9 a kg), Indonesia (Rs 6.75 a kg), Thailand (Rs 8.50 a kg) and Ivory Coast (Rs 5.10 a kg). He hopes to be able to vindicate his association's stand soon — the AIRIA has commissioned the internationally-renowned rubber expert B. C. Shekar of Malaysia to study the rubber industry in India. An interim report is nearly ready, and the full report is expected to be ready in a couple of months.

Rubber tapping: consumption is outstripping production

Planters say that unlike other industrial raw materials, rubber prices have remained fairly steady for the past four years or so. According to Jacob Thomas, chairman of the Association of Planters of Kerala (APK), one-fourth of the production of small growers is scrap rubber, for which the price fetched is only Rs 10 to Rs 12 a kg, and that this further brings down the overall price realisations. While the AIRIA does not deny this, they say that scrap rubber is shown as part of the total stocks, and therefore, estimates of import requirements are scaled down to inadequate levels.

Better buffer. In fact, the user industry wants the STC to keep at least one month's consumption (about 21,000 tonnes) in its buffer stock, and release larger quantities during lean seasons. Planters, however, feet that since rubber is readily available in the international market, there is no need to stock one month's consumption. This plea, they say, is the industry's clever way of trying to shift its inventory cost burden to the government.

Planters agree that if the STC is alert and fast enough to import in good time during the lean season of February to August, the price level can be easily maintained. Thomas adds that neither the United Planters Association of Southern India (UPASI) nor the APK has ever been against imports — the only questions were the timing and quantities of releases into

School days

Even as the All India Rubber Industries Association (AIRIA) is busy trying to pull down rubber prices, it is keeping an eye on the requirements of the industry several years from now. On the drawing board are plans to set up a Rs 5-crore institute for rubber technology, which would conduct specialised degree and diploma courses to produce technical personnel.

On the basis of statistics available with the Rubber Board, theAIRIA has estimated that the industry will need 5,600 technicians, 3,900 supervisors, 3,000 engineers, 2,250 technologists, 700 scientists and 390 research and development personnel in the years to come. Some courses are available at the Indian Institute of Technology at Kharagpur and the Cochin University, but M. K. Kapoor, president of the AIRIA will decide on the location and ture. "We want courses which treat rubber technology as an applied science," he says. "It should have practical utility."

The institute is proposed to be located somewhere in Maharashtra, close to Bombay, where qualified technologists would be available to impart training. A project report is being prepared, and is expected to be ready soon, after which the AIFIA will decide on the location and arrange the finances required. Leading industrial houses such as the Modis, the Goenkas, the Birlas and the Kilachands have already indicated their willingness to support the venture. The AIRIA has also written to the government's education department for grants and to the United Nations Organisation for help in import of equipment for the institute.

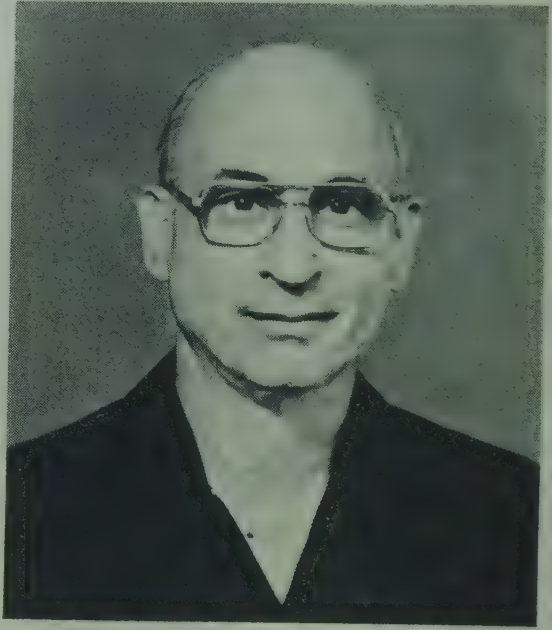
S. P.

the market.

But the STC's releases have obviously not been able to contain the price line. Its releases of 2,000 tonnes during the current slack season have not helped to contain the price rise, and Kapoor feels that they should have released at least 5,000 to 6,000 tonnes. "I will not blame the STC," says Kapoor. "It has no absolute powers. Earlier, the STC was given a free hand. There was an in-built mechanism with two trigger points — if the price went beyond Rs 16.80 a kg, it could start releasing imported rubber, and if it went below Rs 16.20, they could start buying. It worked well, but early this year, there was a change of policy, and a monitoring committee was appointed with representatives from the commerce ministry, the Rubber Board and the STC."

AIRIA officials also say that the STC's "hands are tied" — the committee has to okay any decision by the STC to sell or buy rubber. While the Rubber Board accuses the STC of not acting on time, the latter says that instructions are received late, and that import shipments from Malaysia take at least six weeks to arrive, especially during the monsoon.

Observers feel that the STC's wings were clipped after it released some quantities of rubber in August last year, which coincided with the beginning of the peak production season, pushing down prices to the disadvantage of planters. In Kerala, rubber is a political commodity, and planters not only constitute a large vote bank, but are also a source of party funds. The price line is also highly sensitive. The joke in Kerala is that "every time a Dunlop manager lands at Cochin airport, the price goes up by five paise a kg."


Kapoor: not really the STC's fault

Another complaint of the AIRIA is that the STC has not heeded the industry's plea for releases from Bombay. "We have to get our supplies from Madras," says an official of the AIRIA. "And the price in Bombay, including sales tax and the cess payable to the Rubber Board, works out to Rs 21.10 a kg." The western region accounts for more than one-fifth of the total consumption, and Maharashtra is the biggest user state. "What's stopping the STC from releasing rubber from its godowns in Bombay? There are at least 700 users in this city alone," says an association official.

Losing out. Even though the rubber-using industries report an annual growth rate of about 7 per cent, Kapoor feels that they may not be able to contain the demand resistance for rubber products for long, unless rubber prices are brought down to levels of Rs 16.50 a kg. "Plastics are taking over...they are a good alternative," he says. "We are losing out to plastics in many markets — footwear, hose pipes, belting and automobile parts. Besides the price advantage, they are easier to process than rubber." However, the price hikes are evidently passed on to the final consumers by rubber industries. In fact, tyre manufacturers have indicated that they will increase prices very soon, and one of the major reasons they advance is the increased price of natural rubber.

SHANKAR P. and K. G. KUMAR

Rubber production and consumption: a widening gap

Year	Production (tonnes)	Consumption (tonnes)	Deficit (tonnes)	Imports (tonnes)	Price per kg for RMA-4 grade
1981-82	1,52,870	1,88,420	35,550	9,250	14.60
1982-83	1,65,850	1,95,545	29,695	41,280	14.40
1983-84	1,75,280	2,09,480	34,200	33,401	17.50
1984-85	1,86,450	2,17,510	31,060	40,211	16.55
1985-86	2,00,465	2,35,440	34,975	35,834	17.32
1986-87	2,19,000	2,57,000	38,000	42,517*	16.60
1987-88**	2,35,000	2,76,000	41,000	N.A.	18.60***

* till October 1986
** projected
*** average price till July first week

Source: All India Rubber Industries Association

Cotton

Finetuning exports

The recent announcement by Ram Nivas Mirdha, union minister of state for textiles, that the government has decided to go slow on cotton exports has come as no surprise. Mirdha stated that he would not allow a further release of cotton quotas during the current crop year if market prices did not decline even though earlier the government had stated that it was determined to export 6 lakh bales.

Cotton prices are undeniably higher this year than they were a year ago. *The Economic Times* wholesale index (1969-70=100) on 1 July 1987 was 328.3 against 274.6 a month ago and 206.1 a year ago (an increase of 19.56 per cent and 59.29 per cent respectively).

Production down. There are several reasons for the surge in cotton prices. First, cotton production, according to final estimates by the Cotton Advisory Board was only 95 lakh bales in 1986-87, against 114.2 lakh bales, in 1985-86 and 102.2 lakh bales in 1984-85.

Coupled with declining production, there has been an increasing offtake of cotton by the mill sector. Mill consumption which was 86.5 lakh bales in 1985-86, increased to 95 lakh bales in 1986-87.

Part of the reason for the increase in mill consumption is a spurt in yarn exports. According to P. D. Patodia, vice-chairman and managing director of G.T.N. Textiles, a leading exporter of yarn, yarn exports which were only worth Rs 30 crores two years ago, exceeded Rs 100 crores by June of this year and might reach Rs 150 crores by the end of the year. Exports of cotton textiles and garments have also been buoyant.

Finally, the other major reason for the upward pressure on prices is the increased export of raw cotton. A total of 14.82 lakh bales were exported during the year (including 9.75

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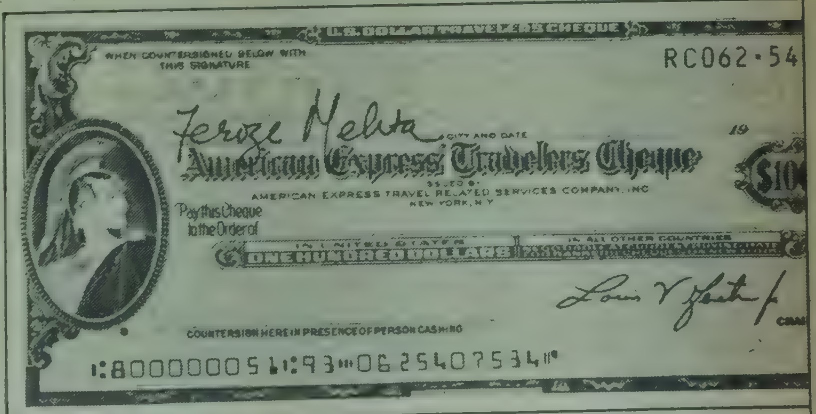

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lakh bales from quotas allocated during the 1985-86 season but not exported, and 5.07 lakh bales from the current year).

Because of the spurt in the prices, there has been little overt opposition to the government's decision not to release more quotas for export. D. G. Damle, secretary of the East India Cotton Association, says that while the government had earlier given an assurance on the floor of Lok Sabha that six lakh bales would be exported during the current season, the spurt in prices has made it hard for anyone to hold them to their promise.

Damle, however, feels that if cotton export markets are to be developed, there must be firm decisions on how much cotton is going to be exported every year. A commitment once made must be kept; otherwise countries importing from India would just not have confidence in it as a supplier.

Long-term trend. The need to develop stable export markets arises from a long-term trend of cotton supply being consistently higher than demand. Beginning in 1977-78, with the exception of 1983-84 and the current year, production has been higher than demand by 400,000 to a million bales.

The reasons for the trend are both the stagnating per capita consumption for fabrics as well as a shift in consumer preference from cotton to polyester, which have decreased the demand for cotton. At the same time, higher procurement prices for cotton coupled with better cultivation practices have assured a greater supply of the commodity.

The result of this scenario is that there are periods in which prices slump precipitously, leading to both interventon by and huge losses to state procurement agencies. Last year the government finally took cognisance of the situation and decided to make a concerted attempt to develop markets for raw cotton by deciding to permit the export of 6 lakh bales of cotton a year, for three years.

Even the cotton textile industry, which has been traditionally vehemently opposed to raw cotton exports, has come to realise the need for exports. What the industry questions is how the decison on the quantity to be exported is made.

According to C. V. Radhakrishnan, secretary general of the Indian Cotton Mills Federation, export quotas should be fixed only after the actual surplus of supply over demand is determined. At the moment, export quotas are fixed at the beginning of the cotton year, but in the absence of any realistic method for estimating the size of the cotton crop, the decision can be based on faulty information and can be wildly wrong.

Fixing quotas. What Radhakrishnan suggests is that cotton quotas should be determined only after the internal demand for cotton has been satisfied. This would ensure that attempts to generate higher value exports, for example yarn or textiles, would be encouraged — while making sure that any excess cotton stock in the country would be exported.

Further, even if cotton quotas are decided on at the beginning of the year, the total quantity should be exported during the same year. For example, this year cotton prices have surged in part because of the size of the exports — 5.07 lakh bales which were exported out of this year's quota and 9.75 lakh bales which should have been shipped last year, but were exported only during the current year.

The industry's position on cotton exports, especially that quotas should be fully utilised in the year they are allocated and not carried forward, is eminently sensible. The government's decision not to export the total amount of the quota it had allocated must not be seen as merely backtracking on earlier commitments, but as an attempt at finetuning what could be the basis for a long-term export policy for cotton.

EAPEN THOMAS

Fertiliser industry

The DAP debate

Will the government ban the import of ammonia and phosphoric acid, key intermediates in the production of phosphatic fertilisers, and force the multi-crore industry to call it a day? The question is not an absurd one. There is an open and shut case against the import of phosphoric acid and ammonia. A cost-benefit analysis has shown that direct import of diammonium phosphate (DAP) is far cheaper than the import of ammonia and phosphoric acid for conversion into phosphatic fertiliser.

Uneconomical import. Reportedly, the Minerals and Metals Trading Corporation (MMTC), the canalising agency for fertiliser imports, has circulated a note to the relevant ministries asking for an immediate stoppage of all imports of ammonia and phosphoric acid. Titled "Uneconomical import of phosphoric acid", th note uses as its statistical basis the Novembe 1986 international prices of ammonia phosphoric acid and diammonium phosphate It calculates that the free foreign exchange outgo on the import of 240 kg of ammonia and 480 kg of phosphoric acid required for the production of one tonne of DAP, at the rate o US $103 per tonne (c&f) of ammonia and US $332.5 per tonne (c&f) of phosphoric acid, is US $184; whereas the November 1986 price of DAP stood at US $126 per tonne. If freight charges, calculated as US $28 are added, a c&f price of US $154 per tonne is arrived at. Thus, the note points out, if DAP were to be imported directly, there would have been a net saving of precious free foreign exchange o US $30 per tonne.

Table 1

Price range per tonne of DAP from US-Gulf f.o.b.

	US $
November 1986	125-132
January 1987	155-160
February 1987	183-185
May 1987	146-150

The note also presents a statement of the ne saving of free foreign exchange which would have accrued in the past seven years beginning 1980, had the government gone in for direct import of DAP instead of ammonia and phosphoric acid. The range of net saving per tonne over the seven-year period has been calculated between US $15 and $60.

Reacting strongly to the statement and defending the government's current policy on phosphatic fertiliser, an agitated executive director of the Fertiliser Association of India (FAI), Partap Narain, told *Business India*: "By undertaking the right blend of imports of sulphur, rock phosphate, ammonia, phosphoric acid and DAP, the government has ensured over the years, that the country is not exploited by cartels of foreign suppliers".

Table 2

Capacity and production of the phosphatic fertiliser industry

(in thousand tonnes

Name of company	Capacity	Production
Paradip Phosphates	720	419.8
Hindustan Fertiliser Corporation	154	94.1
Mangalore Chemicals and Fertilisers	138	[illegible]
Spic	130	[illegible]
GSFC	108	[illegible]
IFFCO	NA	[illegible]
Zuari Agro Chemicals Ltd	[illegible]	[illegible]
Fact Cochin II	NA	[illegible]

Source: FAI

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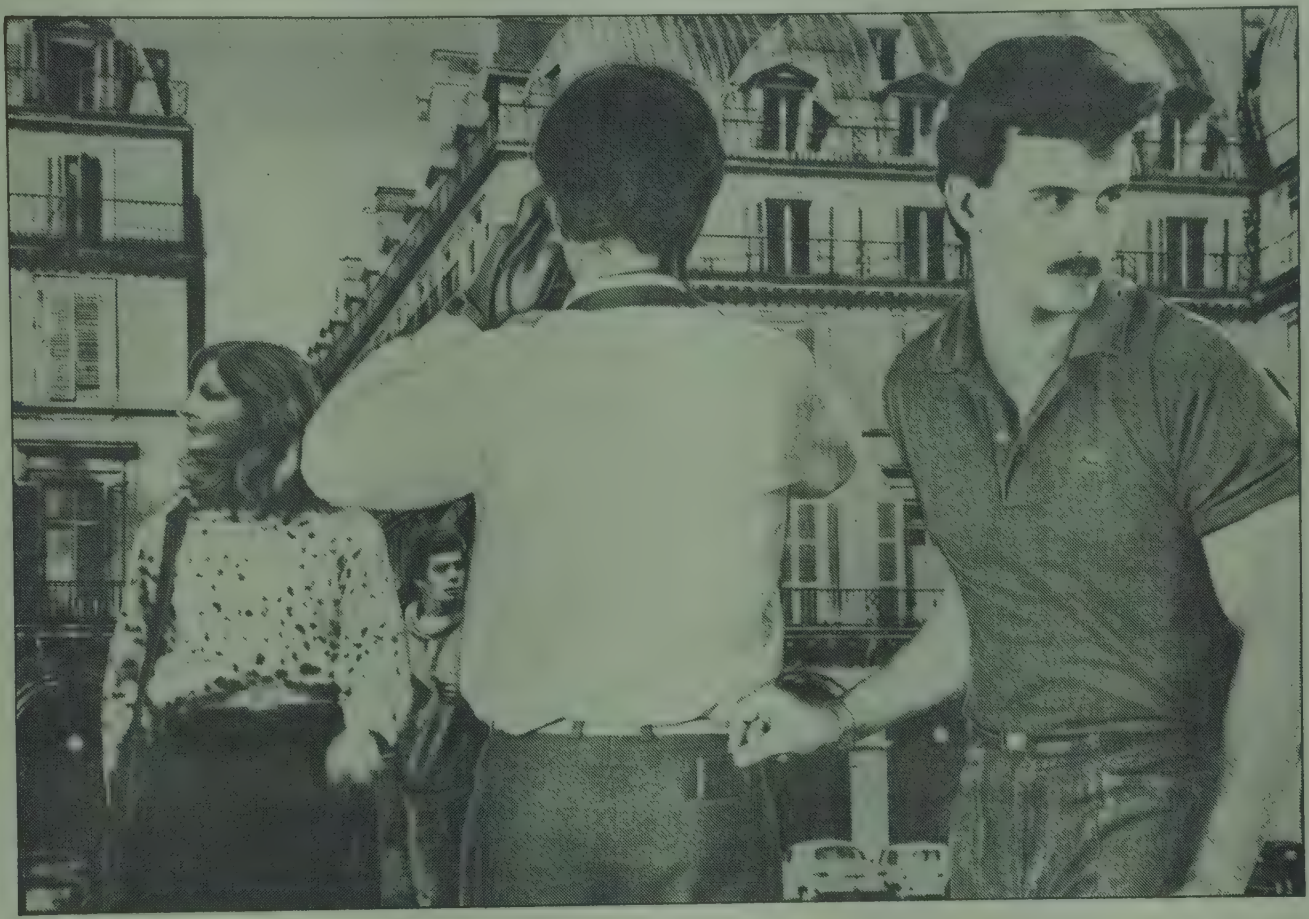

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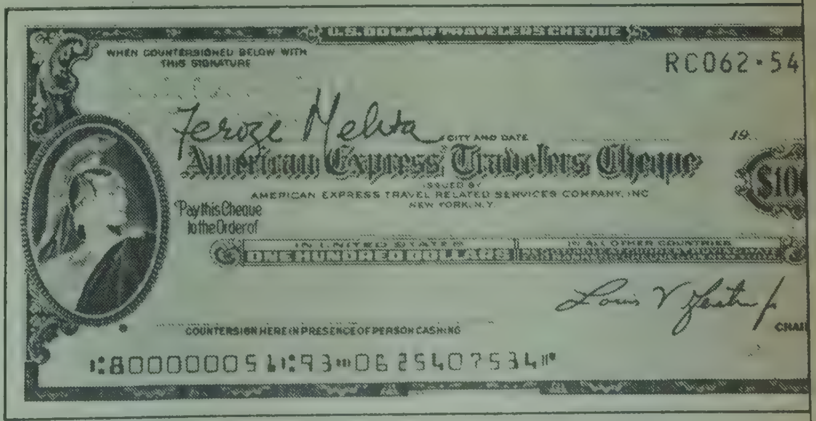

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The fertiliser industry is heavily government-controlled

Says Narain: "The government's policy is a judicious mix of importing raw materials (sulphur and rock phosphate) and making phosphoric acid and then converting it into DAP, alternatively importing ammonia and phosphoric acid and converting it into DAP, and finally directly importing DAP". "But," Narain contends, "if the government decides to import only DAP, this will have an immediate impact on international prices. Raw materials and intermediates will become cheaper and the finished product, DAP, will become dearer, because international pricing is not cost-based as frequent fluctuations have shown from time to time. Cartels manipulate everything".

Miscalculated. Narain points out that it is not right to make calculations on the basis of prices prevailing in November 1986. "The price fluctuations over a period of six months after that tell a different tale," he says (see Table 1.) "If calculations are made on the basis of the DAP price range of February 1987 of US $183-185 per tonne and US $25 are added towards freight cost, then is the figure of foreign exchange saving of US $30 per tonne valid? Also, there are definite signs of a pick-up in the freight market and charges are bound to go up sooner or later," he says. "Moreover, what is it that is not available cheaper outside? Then why not import foodgrains also? Why waste so much of national energy on the green revolution and increasing the domestic production of food grains when they can be easily purchased cheaper from outside?" he asks.

However, the fact remains that the burgeoning fertiliser subsidy has become an embarrassment to the government. It has gone up from Rs 603 crores in 1979-80 to Rs 1,893 crores in 1986-87 and has been estimated at Rs 1,910 crores in 1987-88. An exasperated Rajiv Gandhi is reported to have ordered the Planning Commission to prepare a set of concrete proposals by the end of June for a drastic reduction in subsidies. The secretary to the government of India and the newly appointed energy advisor in the cabinet secretariat K.L. Puri, has identified fertiliser units as one of the prime targets for his energy conservation strategy.

For the industry, at stake are huge investments both in the public and private sector. (See Table 2.) Some units are in the final stages of completion of their expansion plans. For example, Godavari Fertiliser will be commissioning its DAP plant at Kakinada with a capacity of 300,000 tonnes a year in December 1987. It has invested Rs 108 crores. The Gujarat State Fertiliser Corporation will start commercial production at its new DAP plant of 328,000 tonnes capacity per annum in July 1987. It has invested Rs 105 crores. Spic is modernising its DAP at Tuticorin with a capacity of 105,000 tonnes. It will have incurred a cost of Rs 4.53 crores on modernisation by July this year.

The FAI has estimated that production of DAP in 1987-88 will be 2.15 million tonnes. Producton in 1986-87 was about 1.56 million tonnes. Exact figures of DAP capacity in the country are not available with the FAI. The

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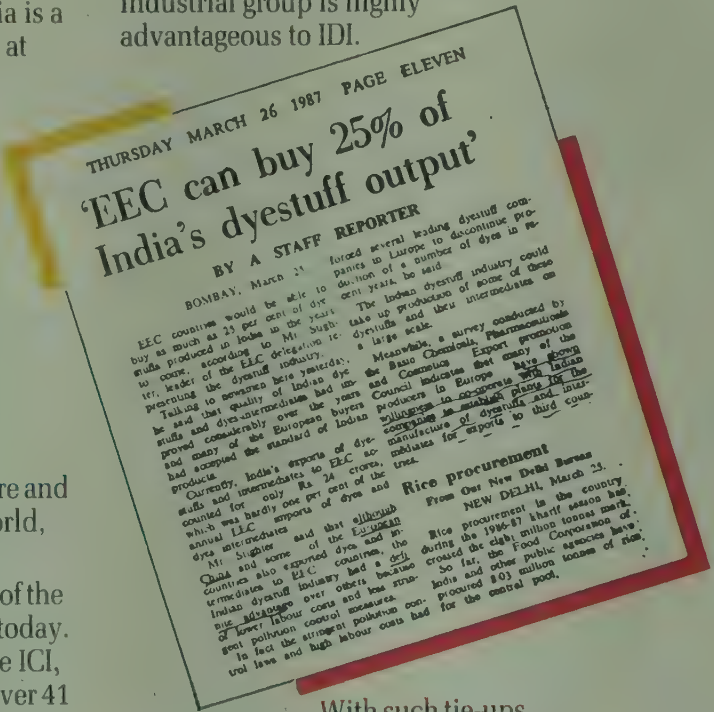

THURSDAY MARCH 26 1987 PAGE ELEVEN

'EEC can buy 25% of India's dyestuff output'

BY A STAFF REPORTER

BOMBAY, March 25

EEC countries would be able to buy as much as 25 per cent of dyestuffs produced in India in the years to come, according to Mr Sughter, leader of the EEC delegation representing the dyestuff industry.

Talking to newsmen here yesterday, he said that quality of Indian dyestuffs and dyes-intermediates had improved considerably over the years and many of the European buyers had accepted the standard of Indian products.

Currently, India's exports of dyestuffs and intermediates to EEC accounted for only Rs 24 crores, which was hardly one per cent of the annual EEC imports of dyes and dyes intermediates.

Mr Sughter said that although China and some of the European countries also exported dyes and intermediates to EEC countries, the Indian dyestuff industry had a definite advantage over others because of lower labour costs and less stringent pollution control measures.

In fact the stringent pollution control laws and high labour costs had forced several leading dyestuff companies in Europe to discontinue production of a number of dyes in recent years, he said.

The Indian dyestuff industry could take up production of some of these dyestuffs and their intermediates on a large scale.

Meanwhile, a survey conducted by the Basic Chemicals, Pharmaceuticals and Cosmetics Export promotion Council indicates that many of the producers in Europe have shown willingness to co-operate with Indian companies to establish plants for the manufacture of dyestuffs and intermediates for exports to third countries.

Rice procurement

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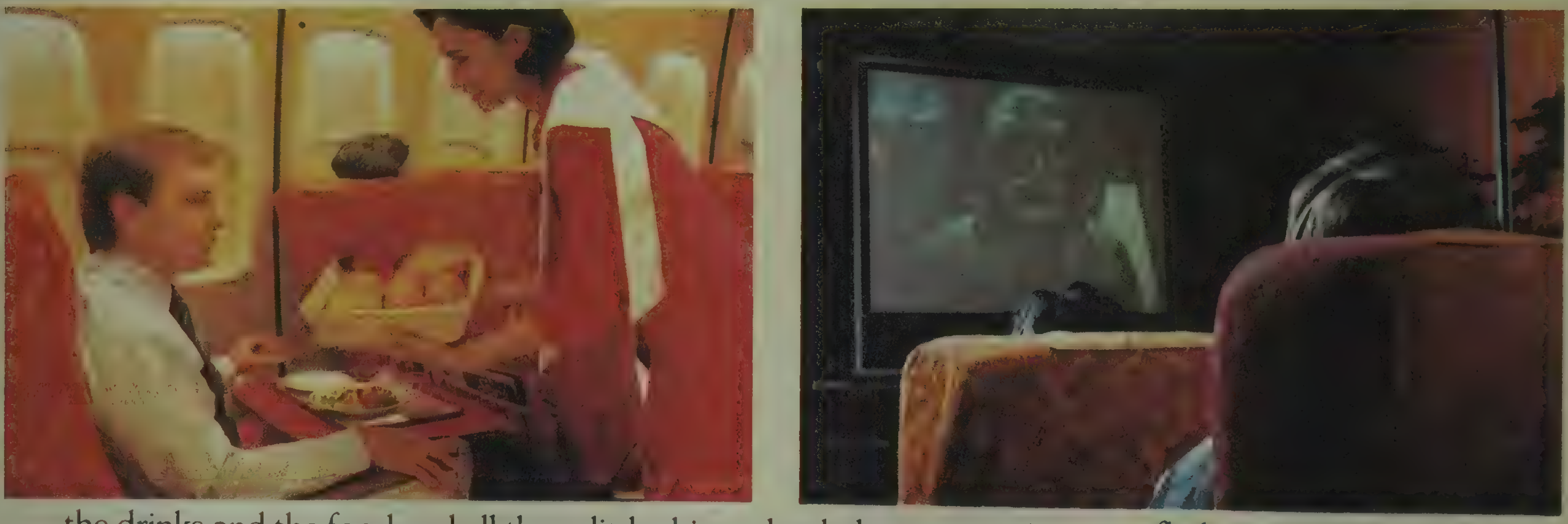

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total distribution in 1986-87 was of the order of 2.7 million tonnes, including imports. The consumer price of DAP was fixed at Rs 3,600 per tonne on 31 January 1986. It is due for revision.

Gold mine. The industry cries for more and more reliefs and concessions. But a senior official in the MMTC, who does not want to be identified, asks: "Why do you think the industry is investing more and more in DAP manufacture even though it is not a viable proposition? It is because of retention pricing which guarantees a company a 12 per cent post tax return on investment on 80 per cent capacity utilisation. Getting a licence for the manufacture of DAP is thus like striking a gold mine." "The production of DAP from phosphoric acid is such a simple process", he continues, "that to reach 100 or even 110 per cent capacity utilisation is very easy. Anything over 80 per cent is sheer profit."

The drastic cuts in fertiliser imports in the past three years have given the MMTC quite a setback. They have not only affected its overall turnover but nearly jeopardised its countertrade strategy, which relies heavily on bulk purchases of fertiliser as a bargaining point ploy to induce sellers to purchase more Indian products. Fertiliser imports have come down from Rs 1,300 crores worth in 1984-85 to Rs 1,000 crores worth in 1985-86 and to a low of Rs 540 crores worth in 1986-87. For the current year 1987-88, the only imports slated are those under the contractual obligation of one million tonnes of urea from the rupee payment area and the finance ministry's commitment of 600,000 tonnes for its various aids and grants.

Says Narain: "I do not blame the MMTC, though it may be influencing the decision to import DAP and ban import of ammonia and phosphoric acid. The point is that the government totally controls the fertiliser industry from the supply of raw materials and its price, supply of power and its price to the distribution of the end-product and its selling price. The onus of making the industry viable or unviable is on the government".

A. SAXENA

Rice bran oil

Setback from a subsidy

There was a shortfall of 1.2 million tonnes in edible oil production during 1986 and 1987. By 1990, the demand gap is expected to increase to 2 million tonnes. To narrow the gap, the government decided in 1984 — when there was also a shortfall — to encourage the manufacture of rice bran oil as a cooking medium. Consequently seven manufacturers were allowed to go in for technology collaborations and set up manufacturing units. Five units have already started production. However, according to the Edible Rice Oil Manufacturers Association (EROMA), a change in the pricing policy of the raw material (raw rice bran oil), introduced in the 1986 budget, threatens to kill the industry.

Working on it. The solvent extraction industry came to the country 20 years ago. The major paddy producing states responded quickly and more than 200 rice bran oil extraction units sprang up in the country. In the beginning though, the oil extracted was dark, odorous and contained contaminants like wax and gum. So it was not suitable for use as a cooking oil. Its major takers were the soap industry.

By 1982-83 the government felt that a part of this raw rice bran oil could be diverted to the vanaspati industry, which could use 10-11 per cent of the oil without lowering the quality of vanaspati. To induce the vanaspati industry to go in for rice bran oil, the government offered it an incentive of Rs 1,000 per tonne. The extraction industry began producing another grade of the oil, an improved quality for the vanaspati industry. Vanaspati units also found it advantageous to go in for solvent extracted rice bran oil. They are close to the extraction units and the oil is easily available.

The seven refineries that went into production at the end of 1986 making a total investment of Rs 40 crores (installed capacity is 86,000 tonnes) now find themselves in the middle of a crisis. In the Finance Bill of 1986, the government increased the incentive to the vanaspati industry for purchase of rice bran oil from Rs 1,000 to Rs 6,500 per tonne.

The vanaspati industry thus stepped up its demand for the oil, and the price of refinable grade rice bran oil has now shot up to Rs 21,000 per tonne today against the 1986 pre-budget cost of Rs 11,300 per tonne. "This situation will lead to the closure of the rice bran oil refining industry since the refined cooking oil from these untis can be sold only at Rs 22,000 per tonne. Our selling price has to be on a par with the groundnut oil price," remarks S. Ramanathan, president, EROMA.

Reduce subsidy. Not surprisingly, the association has submitted a memorandum to the government requesting it to reduce the subsidy to the vanaspati industry to its original level. Says Ramanathan, "The Government feels that the subsidy has pushed up rice bran oil production. It is a fact that production has gone up. During 1984-85, out of the total production of 200,000 tonnes, 19,200 tonnes was of refineable grade oil. During 1986-87 the total production went up to 255,000 tonnes and the share of refinable grade has gone up to 100,000 tonnes. But today even if the subsidy is withdrawn the demand will be there."

The association feels that its members themselves would lift 86,000 tonnes of refineable grade oil. Even for the vanaspati industry this is the only source of bulk supply.

If the subsidy is dropped to Rs 1,000 per tonne again, the raw material cost is likely to stabilise around Rs 18,000 per tonne. "This will be remunerative," feels Ramanathan. "This is an industry with tremendous potential. India can produce 600,000 tonnes of rice bran oil. This refined cooking medium will help reduce the edible oil shortage. In fact we need funds from the government to publicise this nutritious medium. At this point if the government does not help this industry, not only will the existing manufacturers go out of business, but there will be no new entrants either," he warns.

SUSHILA RAVINDRANATH

Automatic tellers

Customer service for custom

It's past 3 pm. Banking hours are over and you desperately need cash. Who can you turn to? Obliging friends, of course. And now add the names, Citibank and the Hongkong and Shanghai Banking Corporation, to the list of such friends.

Come August and those desperately in need of cash can key in a number on the banks' automatic teller machine (ATM), which will be accessible 24 hours a day, every day of the week.

Ultimate service. ATMs, the ultimate in customer service, have been in use for some time now all over the world. Citibank and Hongkong Bank think it is time Indians too have access to this technology and have almost simultaneously announced the launch of this service.

ATMs, which the two foreign banks will be installing outside their own premises for the time being, will be operational from end August for holders of savings and individual current accounts. Citibank has plans to start with five machines — three in Bombay and two in Delhi. Hongkong Bank will begin with 10 — four each in Bombay and Calcutta and two in Delhi.

The key to operating the ATM is the card which an account holder will be given. The card has to be fed into the machine to get it going. Once the card is accepted, the machine asks for the personal identification number (PIN) on the visual display screen. Once the

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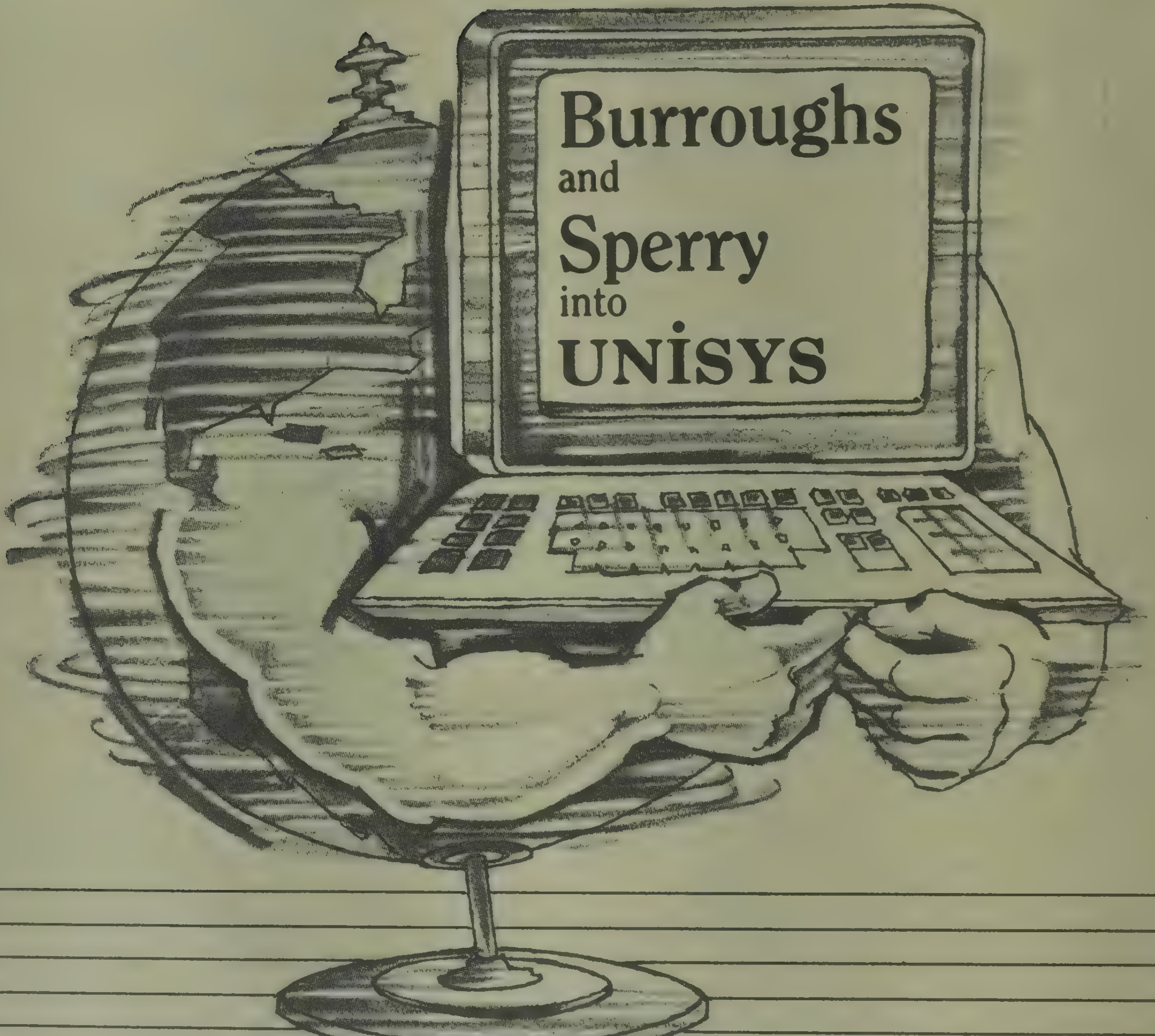

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ATM: an obliging friend

account holder punches in the code number, the machine asks how much is to be withdrawn. The amount must be keyed in and if it is within the bank balance or within the overdraft limit in specific cases, the money is spurted out along with the card. Operation over.

Behind the scenes, the ATM is hooked on to the ATM processor which in turn is linked to the mainframe. "The process is similar to the existing teller operations where the teller terminals are linked via the front-end-processors to the mainframe. For ATMs, the added sophistication is that the machine has to register and cross check the PIN," says S. Kanagaraj, manager, technical services, Hongkong Bank.

No objections. Both Citibank and Hongkong Bank have obtained permission from the Reserve Bank of India for the launching of the new service. "We had no problems convincing the RBI," says Steven Pinto, managing director, consumer services group, Citibank. "It was unlikely to create problems, for ATMs only mean better service," adds Kanagaraj.

The necessary clearances have also been received from the Department of Electronics and the Controller of Imports, for ATMs are not available in the country. Both the banks have imported Philips machines at a cost of Rs 25 lakhs per machine.

Whether the banks will be able to recover the investment made in the ATMs is a question, which, according to Pinto, "cannot be answered in the short run". "It means better service for the existing clients," he says, "but need not necessarily imply more clients."

Neither of the two banks has worked out the operational side of the service. While Pinto foresees a combination of one-time service fees and a minimum balance to be the criterion for holding an ATM card, Kanagaraj feels Hongkong Bank will favour the latter. "We might ask for a higher minimum balance than our existing requirements — but no decision has been taken as yet," he says. Even maximum withdrawable limits have yet to be worked out although Kanagaraj expects it to be in the range of Rs 3,000 to Rs 4,000.

Justifying investment. Kanakaraj is hopeful of attracting new clients with the introduction of the round-the-clock-service, which will justify the high investment made at present.

Although both Pinto and Kanagaraj are of

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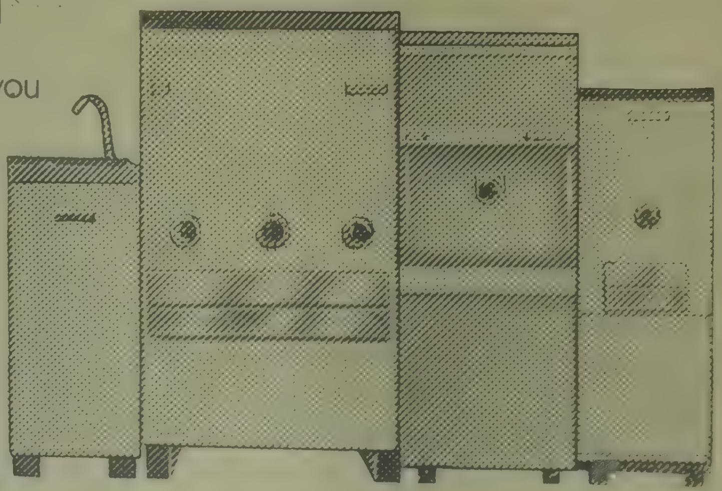

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the opinion that ATMs installed by foreign banks will have a demonstration effect for the nationalised banks, the latter are unlikely to follow suit in the near future. The recent computerisation agreement which the Indian Banks' Association has signed with bank employees allows the use of computers on condition that no two computers can be linked. So although clients of Citibank and Hongkong Bank can rejoice at the idea of getting money on call, customers of nationalised banks will have to be reconciled to the long queues and short banking hours for a long time to come.

KEYA SARKAR

Two-wheelers

Enfield takes another shot

Enfield India, the Madras based two-wheeler manufacturer, is planning to introduce a new type of two-wheeler on the market soon. Dubbed the MOFA, this vehicle can best be described as a cross between a cycle and a moped. It has been designed specially for Enfield by two Italian designers, Morbidelli and Fazi, from whom the vehicle gets its name. According to S. Vishwanath, chairman of Enfield, the trial runs of the two-wheeler have been successful.

"People's two-wheeler." The MOFA's specifications are tempting, to say the very least. It weighs a mere 29 kgs, and that when an average bicycle weighs 18 kgs. In fact, the vehicle can be converted to a bicycle by removing a single knob. It is expected to give 100 km to a litre. Company sources claim that it is going to cost about Rs 2,700, inclusive of taxes. Probably the biggest advantage will be that the MOFA will not require a driving licence. As Vishwanath puts it, "It is really a people's two-wheeler."

Enfield has been toying with the idea of a two-wheeler like the MOFA for quite some time now. Since it was not considered a viable vehicle till a short while ago, Enfield's concepts remained unexplored till the company learnt of Morbidelli and Fazi. The Italians were thinking on the same line. On being approached, says Vishwanath, they developed the MOFA, keeping in mind the "components available in India". The Indian prototypes are now being built at the company's factory near Madurai and are expected to be ready in a couple of months' time. Commercial production is expected to commence by the end of the year.

Bicycle sales in the country currently stand at about 5 million a year and Vishwanath hopes to take over about 10 per cent of that market. Should this become a reality, Enfield will get a much needed shot in the arm. With competition in the two-wheeler market becoming stiffer by the day, Enfield has been faced with declining shares in all segments that it has been operating in. Even its traditional 350cc Bullet has lost part of its market. The two debutantes, the 50cc Explorer and Silver Plus, failed to impress the market also. As a result, turnover has been sagging and, in the current year, is not expected to reach even last year's level of Rs 70 crores.

Slow revival. In the face of all this, Vishwanath remains optimistic. He says, "Things have been looking up in the past three months. Sales of the Bullet, Explorer and Silver Plus are picking up slowly. After initial hesitation, customers are possibly deciding in our favour. We have also started trial marketing of the 163cc Fury and have received a very good response."

Apart from two-wheelers, Enfield's agro-engines division, which is collaborating with Mitsubishi of Japan for technology upgradation, is doing quite well. Enfield Electronics, a

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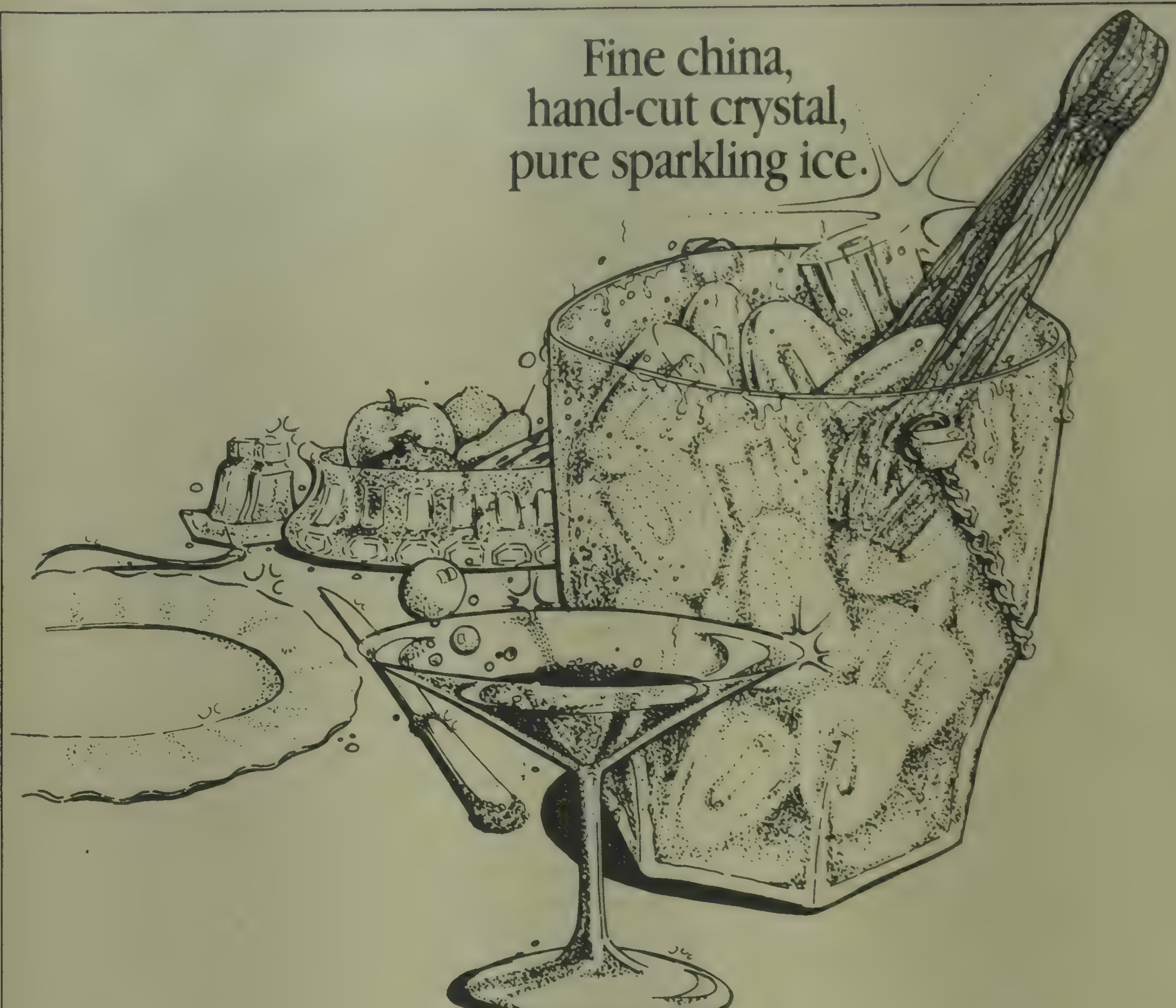

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The MOFA: will it revive Enfield?

sister concern promoted jointly by Enfield India and Enfield Business Finance, has introduced a whole range of colour and black and white TVs in Tamil Nadu this year. Vishwanath claims that even in an already crowded market, Enfield's TVs have been received well.

Although the worst appears to be over for the company, it is obviously banking on the success of the MOFA to remain afloat in the highly competitive two-wheeler market. Says Vishwanath, "We already have the production facilities and a trained work force. So far, we have only invested in the tooling but if the MOFA clicks, we will either set up a project on our own or license other manufacturers around the country."

SR

Silk exports

Troubled times

The row which erupted a couple of months back regarding the import of raw silk for export production against the replenishment (REP) and Advance Licencing Scheme (ALS), has served to make glaringly obvious the bad blood that exists between the Central Silk Board (CSB) and the large body of silk exporters.

Both the Karnataka government as well as the Bangalore-based Central Silk Board (CSB) — a government agency set up to develop sericulture throughout the country and help boost the declining silk exports — have reportedly been trying to initiate a ban on raw silk imports on the grounds that it would adversely affect indigenous silk producers, as well as result in lowering the prices of domestically available silk. However, such fears have proved to be unfounded, with prices of domestic raw silk actually rising, according to manufacturers. Moreover, during 1982, the government had to import raw silk (mainly from China) in order to stabilise prices at the domestic level.

The other contention by the CSB, that the exporters were taking undue advantage of the REP and ALS schemes does contain shades of truth. The schemes were primarily introduced by the government as export incentives, since the chief reason behind the decline in the exports of value added silk, was the raw material crisis. CSB officials allege that in order to make quick profits exporters were selling the imported raw material at nearly double the original price (between Rs 250 and Rs 300 per kg) in the open market. Silk manufacturers, however, deny this and say that "while it is admittedly a fact that some exporters have been involved in such shady transactions, their number would not exceed more than a handful, and it would be grossly unfair to penalise the industry, the majority of which consists of honest businessmen, because of it."

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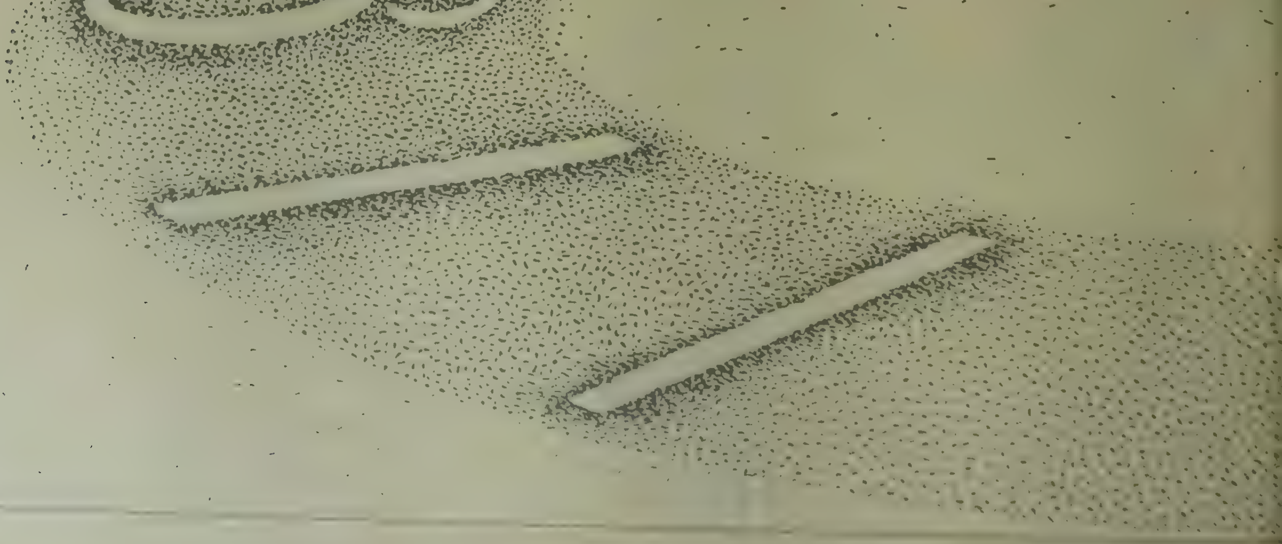

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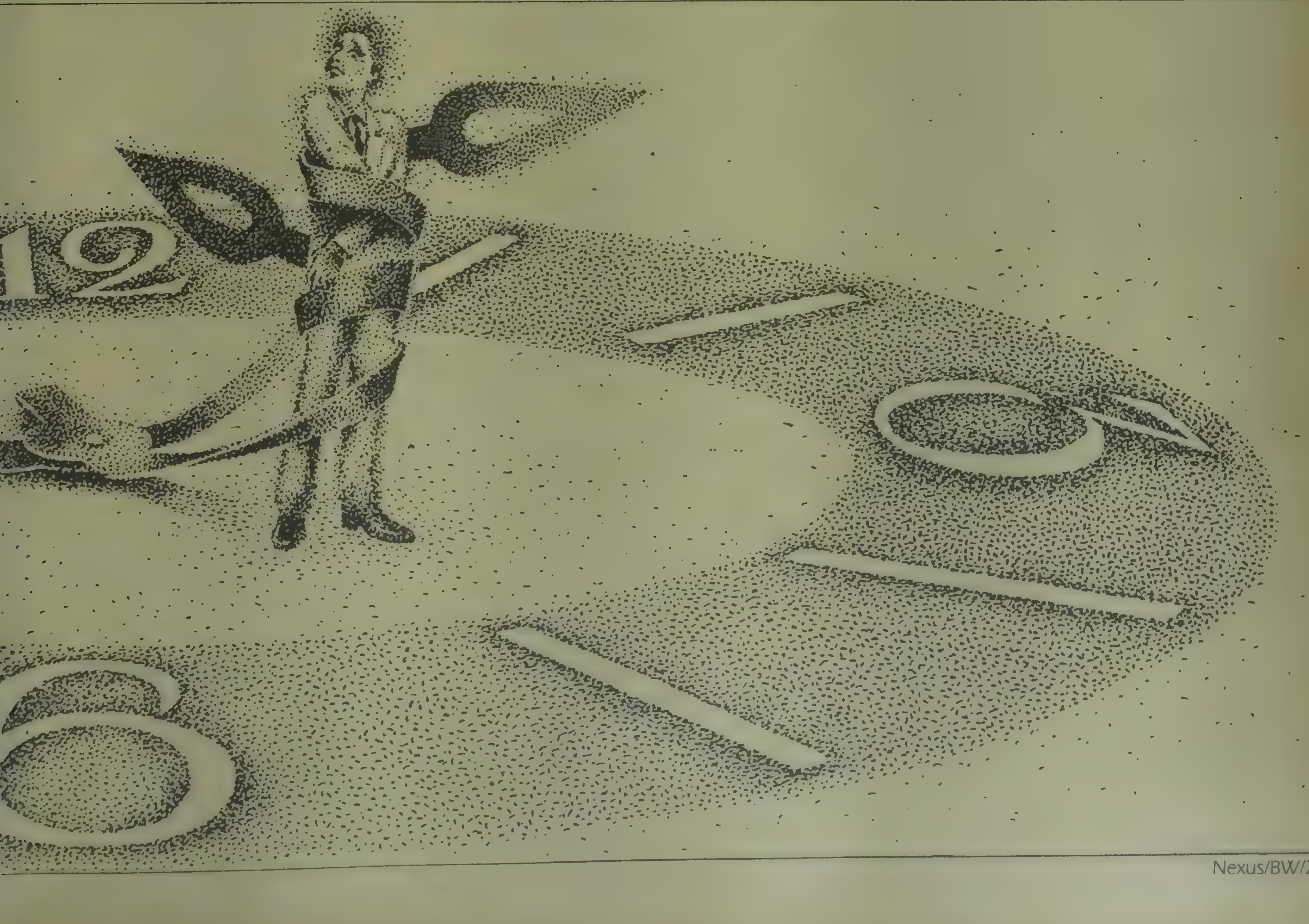

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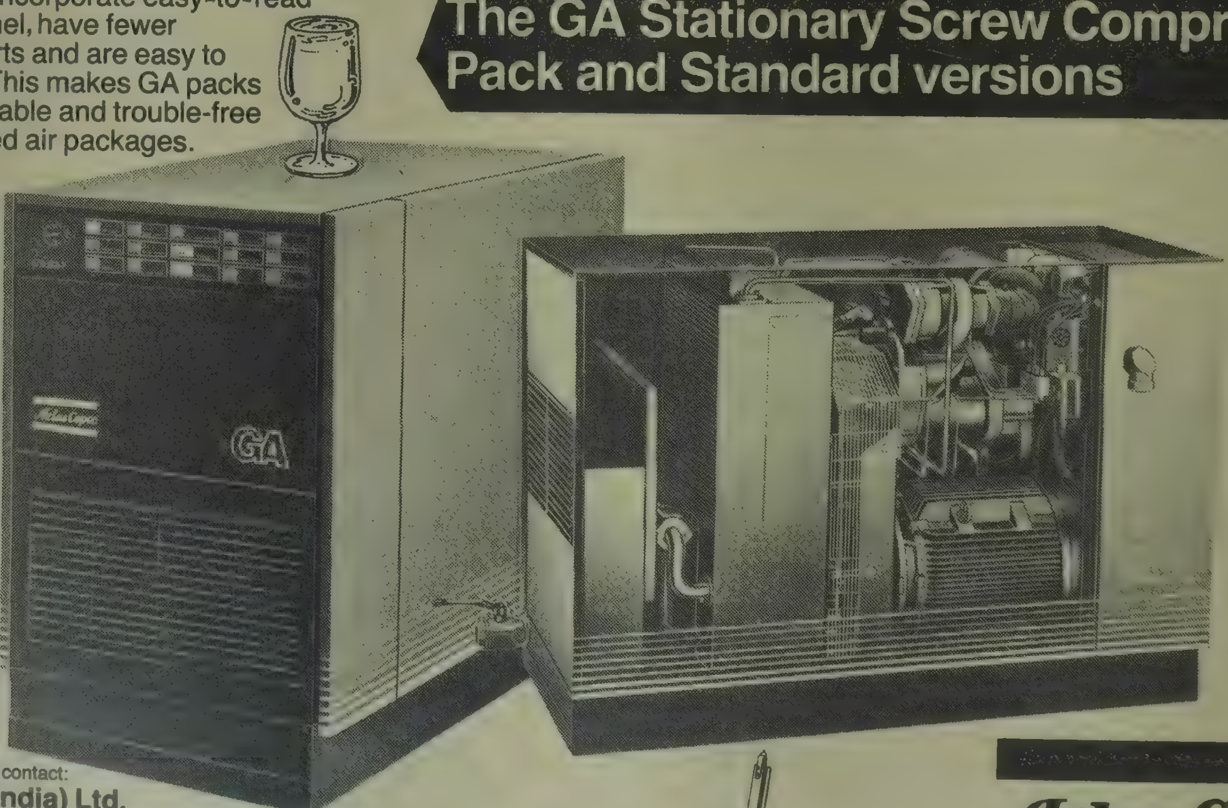

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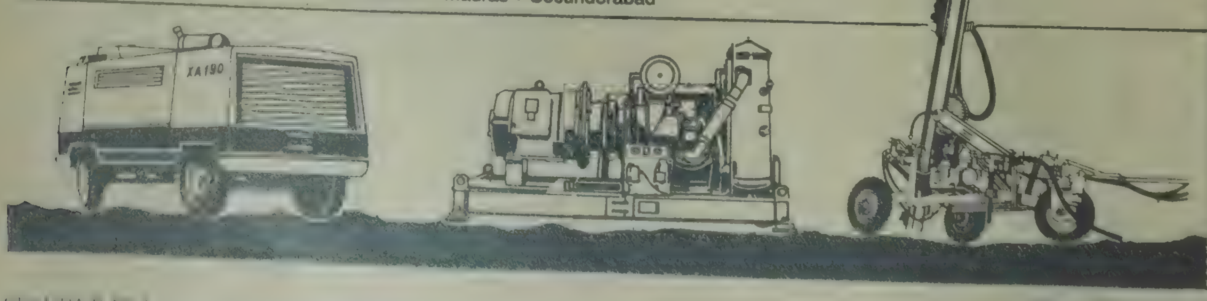

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Raw silk shortage. There is, undoubtedly a shortage of raw silk. According to government spokesmen, nearly 2,500 tonnes of raw silk valued at nearly Rs 40 crores had to be imported last year in order to meet the industry's requirements. However, the CSB's demand for canalisation of raw materials has met with complete rebuff from the industry, which apprehends an uneven distribution of the raw material supply. The government, on the other hand, has made it clear that the REP and ALS schemes would be reviewed if necessary, but definitely would not be dispensed with, at least in the immediate future.

Coming at a time when Indian silk exports are showing promising signs after a long period of virtual stagnation, a rift between the CSB and exporters can only hamper the performance of the industry. At the moment, exports are on the verge of a big take off, already having achieved the seventh plan targets. Last year (1986-87) the industry crossed the Rs 190-crore export target. It is now striving to achieve a target turnover of Rs 500 crores by 1990.

India, it might be mentioned, ranks third amongst the Mulberry (quality) silk producing countries and accounts for roughly 12 per cent of the total world silk production.

The industry's performance of late has been particularly pleasing. The rise in the trend in silk exports has been almost phenomenal, considering that exports rose from about Rs 7 crores in 1970 to Rs 70 crores in the beginning of the eighties to touch Rs 190 crores in 1986-87. This, say representatives of the Indian Silk Association "has largely been due to the concerted efforts by silk manufacturers and exporters, despite indifference and neglect on the part of the very government agencies which were set up to promote sericulture." Moreover, says G. S. Singal, president of the Indian Silk Association (ISA), the development of the silk industry has become imperative since it is an agro-based industry, requiring little or no overheads, and one which provides employment to over five million people, in both tribal and rural areas, and particularly women.

Government patronage. Today Karnataka, due to government patronage, leads in silk cultivation, accounting for nearly 70 per cent of the total silk produced. Being the hub of silk activity in the country, its hinterland, and neighbouring states such as Andhra Pradesh and Tamil Nadu have automatically reaped infrastructural benefits because of the proximity and are emerging as leading silk producers.

The centre too is taking silk seriously at last, and the CSB, it is learnt has sought financial assistance from the World Bank, for its sericulture development programme which is expected to have an outlay of over Rs 1,000 crores. S. Muniraju, the chairman of the CSB, who was in Calcutta recently, had said that the World Bank was expected to provide around Rs 260 crores for research and development — particularly for evolving genetic strains of the high yielding variety, in Mulberry. Though we produce all three varieties of silk, Mulberry (which has the distinction of being the best quality) followed by the Tassar and Sri varieties, accounts for 80 per cent of the total production of around 8,000 metric tonnes (1985-86 figures).

It is, however, disappointing to note that the quality of Indian silk does not compare favourably with international standards. Efforts are however being made in the areas of research and development to produce the bivoltine/multivoltine strains in our silkworms, to achieve the specified international quality. Almost all states with a potential for sericulture, has some major project or other on the cards. A Rs 660 crore development plan for West Bengal, Tamil Nadu, Andhra Pradesh and Jammu & Kashmir has been chalked out. The aim is to increase the total annual production of silk yarn to 13,000 tonnes by the turn of the decade.

Plan allocations. West Bengal under the directorate of sericulture is pursuing its own plans. Under the seventh plan an additional 20,000 acres of land is expected to be brought under the directorate for cultivation purposes. The plan allocation for the current year at Rs 3.15 crores is higher than the Rs 2.5 crores alloted last year. A joint project with the centre for intensive development of sericulture in the state is likely to be implemented shortly, according to state government sources. The estimated cost is Rs 10 crores and this will be spent over a period of five years. This includes the setting up of more sericulture farms in the state and 26 state grainages. Emphasis would be laid on the cultivation of Tassar, for which there is an increasing demand in Western markets.

It is a pity, says Singal, that we have not been able to cash in on the tremendous potential Tassar offers, despite it being a traditional crop. In fact the industry lost out on sizeable orders worth nearly Rs 20 crores, last year due to a shortage in the crop.

If developed properly, sericulture offers excellent prospects as it is the highest yielding amongst the cash crops. If we can produce international quality raw silk at competitive prices, as the industry is hoping to in the long run, there is no reason why the future of silk industry should not be assured.

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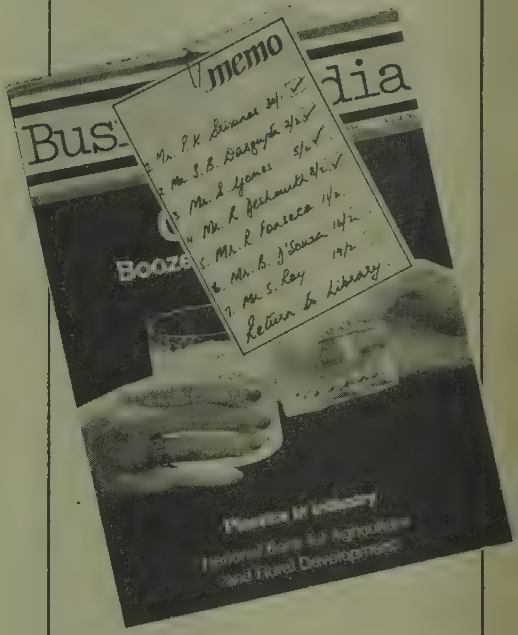

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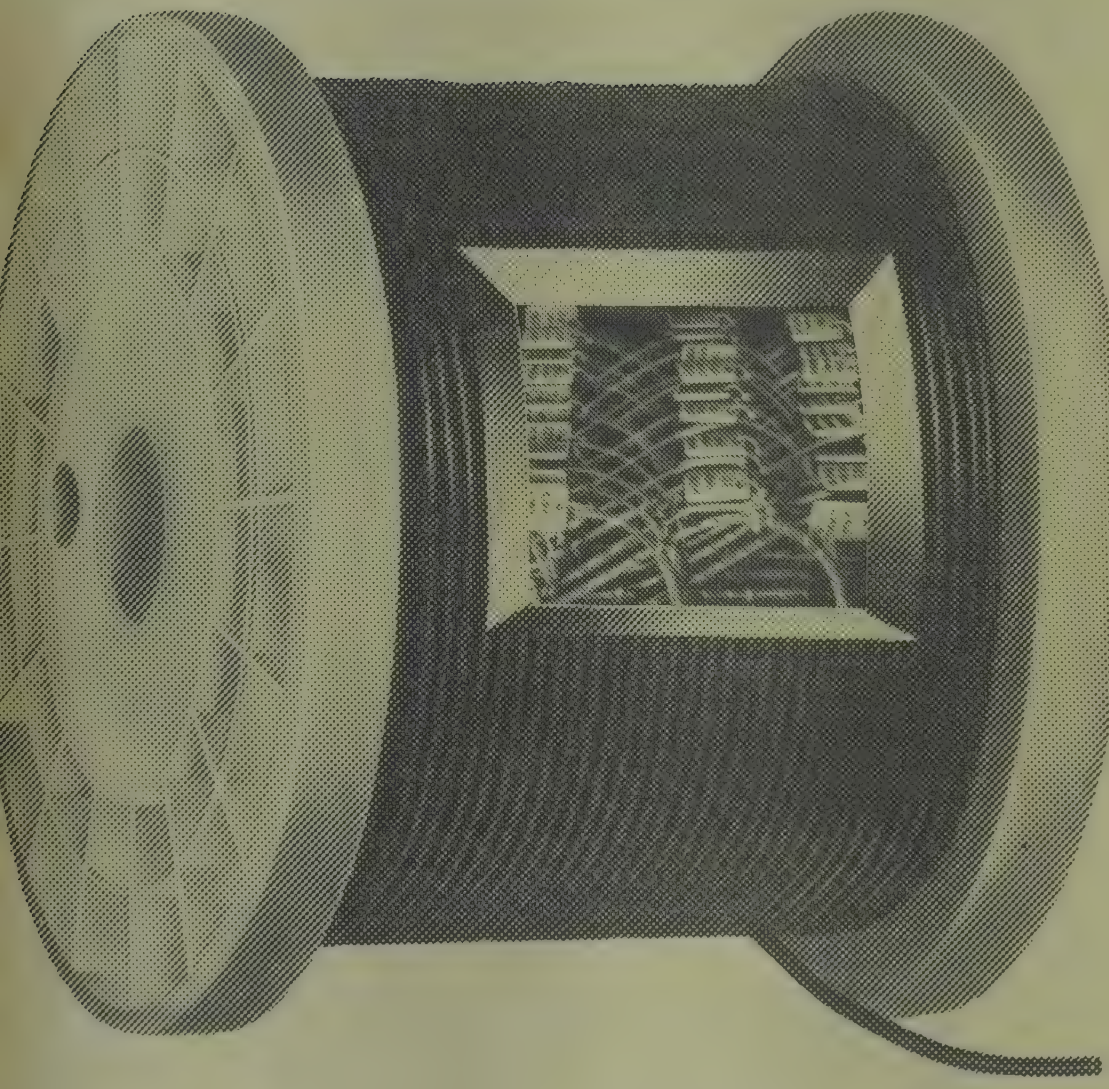

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Economic Indices

Foreign trade

The trade deficit during April 1986 to March 1987 was lower by Rs 438 crores (5.51 per cent) than that during the same period a year ago. Lower oil prices were the major reason for the decline in the deficit. Oil imports declined by Rs 1,900 crores even though the quantity imported increased.

Power availability

Demand for power continues to exceed supply. The worst affected states, according to shortfall between supply and demand in March 1987, are Bihar (25.2 per cent), Karnataka (24.2 per cent), Orissa (18.1 per cent), Uttar Pradesh (15.3 per cent) and Jammu and Kashmir (11 per cent).

Prices

During the week ended 23 May 1987, the wholesale price index was 389.3, showing a 1.4 per cent increase over a month ago. It was 5.1 per cent higher than that in the corresponding month a year ago.

During the same period, price rises were registered by fibres (37.2 per cent), edible oils (33.3 per cent), oil seeds (28.9 per cent) and cotton textiles (6.5 per cent). Declines were noted by petroleum, crude and natural gas (38.4 per cent) and paper and paper products (1.7 per cent).

Money supply

During the week ended 22 May 1987, M3 (which includes currency with the public plus demand and time deposits with banks plus other deposits with the Reserve Bank of India) increased by Rs 260 crores (0.18 per cent) to Rs 142,629 crores.

Financing and banking

Public finance: During the week ended 22 May 1987, the amount of outstanding treasury bills decreased by Rs 403 crores (1.69 per cent) to Rs 23,486 crores).

Scheduled commercial banks: During the fortnight ended 22 May 1987 aggregate deposits increased by Rs 209 crores (0.20 per cent) to Rs 1,02,773 crores. Bank credit decreased by Rs 101 crores (0.17 per cent) to Rs 63,271 crores.

During the same fortnight, net bank credit (RBI and other banks) to the government sector decreased by Rs 248 crores (0.33 per cent) to Rs 75,395 crores. Bank credit to the commercial sector decreased by Rs 188 crores (0.22 per cent) to Rs 92,335 crores.

Interest rates

During the week ended 22 May 1987, the following rates prevailed — IDBI: 14 per cent; NABARD: 6.50 per cent; call money rates (Bombay): 10 per cent; Exim Bank (supplies credit): 8.5 per cent.

Bullion prices

The price of standard gold per 10 grams decreased by Rs 10 to close the week ended 22 May 1987 at Rs 2,810. The price of silver (per kg) increased by Rs 49 to close the same week at Rs 5,130.

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Nervousness in the finance ministry

Considering the fact that they do not have a full time minister of their own, the finance ministry, specially the finance secretary, has reason to be pleased with having got a substantial dollop of dollars from the Aid India Consortium meeting in Paris last month. While most observers agree that the enlarged volume of funds that India has received is indeed encouraging, there is no doubt either about signals that the availability of soft funds in future is going to be increasingly linked to domestic economic policies.

Aware of the extreme sensitivity with which the Indian bureaucracy views any attempt to dictate, or even subtly influence, domestic policy making, participants at the Paris meeting are reluctant to admit that any new conditions were sought to be imposed. However, ministry officials in the know suggest that even this perception of respite may be short lived. There is an increasing and grudging acknowledgement that the advice the Bank has been giving, has been, after all, pragmatic. In fact some policy makers even suggest that several of the locally prescribed measures conform broadly to what the bank economists have been preaching for a long time.

However, the increased exposure that lenders like the Bank and others have had to the Indian economy, specially during the last few years, has made them more aware of the fragile nature of any economic policy path that Indian officialdom decides to tread. So, though the major contributors to India's aid package are keen to keep up the flow of foreign funds, they are equally keen to ensure that the measures that are beginning to bear fruit now should be allowed to mature and attain a certain durability in the framework of Indian economic policy. Political turmoil of the current variety of course makes them nervous. What finance officials are pleased about this time is that their hand-holding effectively placated lender nervousness.

While the IMF and the World Bank have been pushing for continuation of the current regime of economic liberalisation, the impact of these policies on individual Indian firms as well as on the basic health of the economy has been receiving increasing attention from a large number of foreign private bankers. The reason for this is that while in 1979-80 less than 1 per cent of India's outstanding debt was owed to private financial institutions, at the end of 1987-88 about 22 per cent of India's total debt was privately held. Even more significantly, commercial borrowing has more than quadrupled from $8.3 billion in the Sixth Plan to $31.9 billion in the Seventh Plan Private lenders after all are keenly aware of the implications of loans turning sour across the economy. So far of course, there has been little reason for worry; but given the experience of large lenders in other markets, their current concerns are understandable.

While continued liberalisation and its implications at the firm level as well as at the economy-wide level are partially understood and appreciated by most lenders, there is considerable worry about the direction that economic policy is likely to take during the next few years. Whether the current confusion on the political alignments will require major changes in the current direction of economic decision making is still unknown. As far as the finance ministry is concerned, it has reason to be nervous now. If it turns out that the policies it will be asked to pursue on the basis of domestic imperatives and the policies it considers essential from the point of view of maintaining relations with the banks run counter to each other, a great deal of tight rope walking will be involved — which could well mean that todays grins will just be a dim memory of things past.

External relations boo-boos

Gandhi: *glib talk*

The only diplomatic boo-boo in recent times that the foreign office escaped from unscathed is Gorbachev's rather gauche expression of solidarity with Indian leadership during these troubled times. Perhaps Rajiv's glib explaining away of this comment on India's internal situation was owed to the fact that the foreign office, in its current state, could hardly be expected to carry the can for this event too. The external affairs ministry, like several others in the current dispensation, is after all rapidly acquiring the reputation of being a lame-duck ministry.

What is holding N. D. Tiwari back, or who is messing up India's foreign policy, nobody seems to know for certain, but there is enough evidence that India's external relations have been sliding rapidly downwards during the last few months. On the surface it may seem that Tiwari's stewardship of his ministry has been less than perfect. But a wide variety of contributory reasons are now perceived to have made the situation what it is today. There are some who insist that the current state of affairs is only just another reflection of the great confusion that is prevailing domestically. Others suggest that intra-ministerial shenanigans are the cause of the perceptible deterioration.

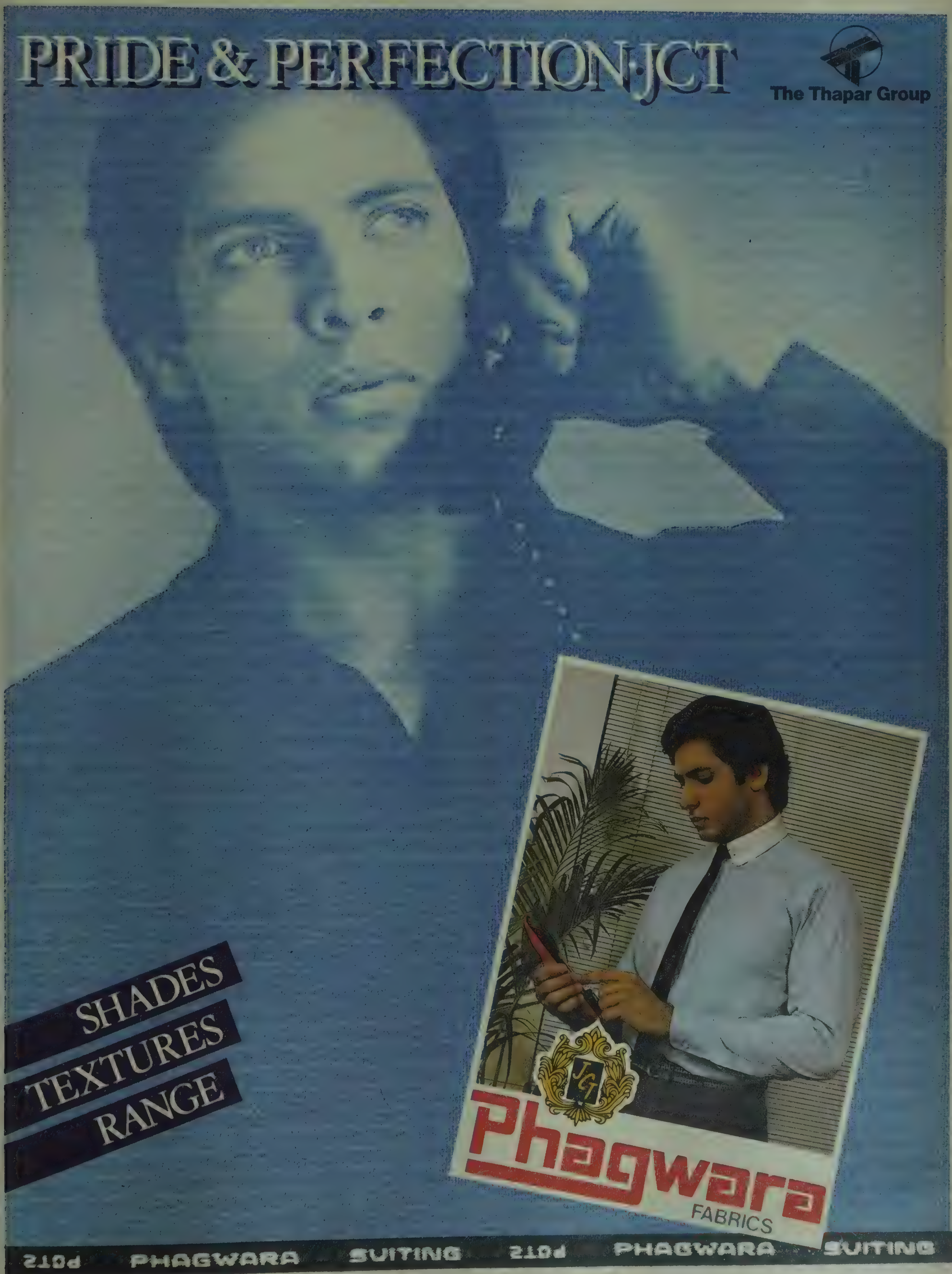
Some foreign policy *pundits* insist that if things go really wrong — it is not unimaginable that a flare-up of the border situation with China could occur. As evidence of bungling, they point out that Tiwari's statement on his return from China were apparently swiftly and embarassingly contradicted by the official Chinese agency. The Chinese declaration denied the hunky dory picture that Tiwari's statement had sought to portray. K. C. Pant, minister of defence, thereafter did more than the ritual sabre rattling on his visit to troops on the northern border.

The attempt to wrest back the initiative in Sri Lanka was yet another fiasco, specially since everybody knew that the SAARC conference came close on the heels of the Indian action. All the recent confusion in timing, content and intent of policy formulation has focused far greater attention on the fact that the foreign office of late has been speaking with more tongues than in the past.

Insiders also point out that yet another blunder was narrowly averted when India demurred from signing an extradition treaty with the UK recently. Apparently only last minute objections stalled the acceptance of a largely toothless agreement which the Thatcher government had been pushing for to notch up a pre-poll foreign affairs good-point. That matters should have got to the point where prime ministerial interventon was called for to sort out an inter-ministerial fracas is indicative of the state of affairs at South Block over the last several months.

Observers of the external affairs scenario in the capital suggest that inter-ministerial wrangles with the external affairs ministry have substantially contributed to the current mess. In addition, senior officials, who often have to please two masters within the ministry, seem to need to contend with the PM's office too in several matters. While the cabinet reshuffle that seems imminent may sort some things out, the ministry has a lot of foot slogging to do to recover even part of the high spirited diplomacy that characterised the first year of the PM's stewardship.

DILIP CHERIAN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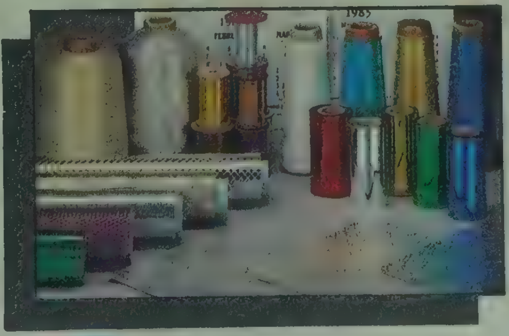

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Guest Column by Datta Samant

Closure culprits

According to the latest official reports, 115,000 small and big industrial units in the country have closed, rendering jobless about two crores of workers. These units involve Rs 5,000 crores of bank loans, in addition to another few crores from the public, thereby tying up huge resources. However, as per the government's own reports, these closures are attributable to the acts of the employers only; there is not a single case where the closure could be attributable to the workmen.

The employers' reasons for closing units, in some of the industries, are most interesting and noteworthy. They may also reflect the planned policies of some of the industrialists to make their own gains, even from the losses of their industries. The following are few of the most representative and glaring examples:

The Mukesh Textile Mills at Colaba, Bombay, employing about 2,000 workmen, had a severe setback in 1970, when some sections of the mill were gutted in a fire. This losing unit was purchased in 1976 by the Aggarwals (who own the Transport Corporation of India Ltd) although they were fully aware that the mill was a losing proposition. The total losses shown on paper since 1976 up to 1982 were Rs 5 crores. However, these losses were combined with the huge profits of the Transport Corporation of India Ltd, thereby saving substantially on tax.

After the January 1982 textile strike, the mill has been kept completely closed and a further cumulative loss of Rs 3 crores shown on paper till 1986; again this was set off against the profits of the TCI.

Huge loans from banks have been taken against the property of the mills and have been utilised to run the trucks of the TCI, for the erection of Bhoruka Textile Mills near Belgaum, etc. In spite of the huge losses incurred by the mills, in 1979 a plan was submitted to the Bombay Municipal Corporation and the government in 1979 to replace the existing workers' quarters with a 14-storey building to house them, by raising another huge loan. In 1982, however, an application was made to the government seeking permission for total closure of the Mukesh Mills. From this, it is quite clear that the 14-storey building in Colaba was actually not meant for the workers, but for commercial use; as the workers would have been thrown out of employment by closing the mills.

In December 1982, there was another fire in the mills. It is said that the company won claims of Rs 80 lakhs from the insurance companies for 'burnt down machinery' which never existed. However, the fire was not extinguished immediately by using experienced water department workers who offered their services even though they were on strike at the time. The matter was even discussed on the floor of the Maharashtra Assembly and the government had decided to hold a police enquiry.

The whole story of Mukesh Mills goes to prove that the sick mill was purchased by the Aggarwals only to save on taxes and get various other facilities for running TCI with huge profits.

There are also multinational companies in India which purchase sick units to reduce on paper the huge profits of their prospering companies. It is also observed that all transactions are made so as to benefit the parent companies, to the detriment of the sick units, which are subsequently closed on the grounds that they are non-viable.

A large number of textile mills and other engineering concerns can be cited as examples of this phenomenon, involving a huge loss of revenue by way of taxes to the government, as also loss of jobs for thousands of workmen, while the industrialists at the helm prosper and further multiply their units.

Messrs Bombay Malleable & Iron Castings Ltd, Ambernath, was a sick unit purchased in 1976 by the present owner, a Calcutta industrialist. The capacity of this unit was about 2,600 tonnes per year, out of which hardly 500 tonnes were utilised by employing about 400 permanent workmen. The company planned for a large expansion: it constructed a new shed and erected modern imported machinery for a licensed capacity of 6,000 tonnes per year at a huge cost, by borrowing loans from banks.

> **There are also multinational companies in India which purchase sick units to reduce on paper the huge profits of their prospering companies. It is also observed that all transactions are made so as to benefit the parent companies, to the detriment of the sick units**

The plant was commissioned in 1984 utilising the services of some of the old workers, but was hardly put into regular production when, in January 1985, the whole company was called non-viable and closed down. Permission was sought from the government for a final closure and although this has not been given, this modern new plant, with public money worth crores of rupees tied up in it, remains closed while the 400 unemployed workmen starve. The less said the better about the conditions under which this huge loan was sanctioned and the examination of the company's viability by the concerned authorities.

The Sarabhais of Calico Chemicals at Chembur, Bombay, have played a similar game. They opened a new company, Ilac Ltd, and while transferring the assets of the old company got the old worn out machinery substantially revalued and got the benefits of depreciation.

They also floated Ad-Print Services, as selling agents for their products. The products were purchased from the parent companies at half the prices and were sold in the market by this new company, thereby evading excise duty on an ad valorem basis. As many as 2,000 trusts were constituted by the Sarabhais in Ahmedabad from 1978 to 1981; the income from the trusts' was free of tax. These trusts however stopped functioning and were abandoned in 1981, because no tax benefits were available thereafter.

The tax authorities have assessed that the Sarabhais have evaded taxes of about Rs 3 crores. In order to save estate duty, all the personal properties of the Sarabhais were shown as owned by about 25 individually formed companies and even the refrigerators in their residence were said to be hired from the companies. By this, they have evaded estate duty of Rs 40 lakhs; this matter is now being investigated. The experts have now said that the Sarabhais have most unfortunately concentrated upon saving taxes rather than expanding their business and have thus ruined the future of all their industries. This has resulted in closure of Calico Chemicals and Ilac Ltd, rendering thousands of workers jobless.

Messrs Snail Forgings Ltd, at Kanjur Marg, Bombay, applied for permission for diversification and expansion of their activities, which was allowed by the government at a new site at Aurangabad. While, on the one hand the directors are dreaming of investing huge amounts in this new project, on the other, they have stopped paying even the electricity bills of the Kanjur factory. This has resulted in the disconnection of power supply and the factory has been at a standstill since May 1986, rendering 200 workmen jobless. It has been learnt that the directors did not recover a bill of Rs 70 lakhs from a sister concern to whom goods were supplied. Although the government has not given permission for closure, the factory remains closed and the workers unemployed; and the huge loans from the banks remain unpaid.

Yet another textile mill in Bombay was rendered non-viable and had to be taken over by the government, because the owners were cotton magnates and had secured huge orders from the defence department to supply parachute and canvas cloth. For these supplies, 100 per cent Egyptian cotton was imported, but could not be utilised; the local market was lost and finally when the defence orders were over, the mills were closed down.

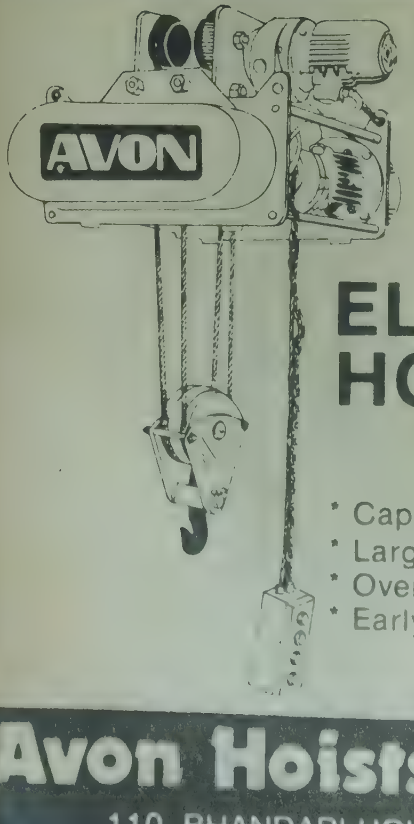
A pharmaceutical company switched over to the manufacture of basic drugs and curtailed the profit-yielding production of patent drugs to enjoy the facility of import licences for a huge quality of basic chemicals. The company was, however, showing heavy losses since production commenced and the workers alleged that the production of basic drugs was not in proportion to the quantity of imported raw material. Finally, on the plea of labour trouble, the company imposed a lock-out, while the raw material continues to be imported, and naturally, sold in the black market.

According to government's own reports, closures are attributable to the acts of the employers only; there is not a single case where the closure could be attributable to the workmen

W.G. Forge & Allied Industries Ltd, Thane, is yet another example of a unit made unviable by unscrupulous methods. The unit's 3,000 workers and their union made various representations to the concerned government authorities and to no less a person than the then Prime Minister, the late Indira Gandhi. No one however, could do anything about their unemployment and humiliation after the sudden closure of this big forging unit. The reason given for the closure: "Disconnection of power supply."

The planned agitation of the Bombay textile mill owners to seek permission for selling the so-called surplus land of the mills in the heart of the city is yet another example of this phenomenon. Throughout the last few decades, some of the mills have disposed of their extra land at huge prices which were surely not white The mills, however, have not been run at a profit in spite of the available funds from the sale of lands and some of them, like Tata Mills and Sitaram Mills have been taken over by the government minus the sold surplus land. Others are now vying for permission to sell the precious land. None of the concerned industrialists have however, been able to provide *bona fides* about how much land will fetch how much money, and how it will be utilised to develop the sick mills. They are just keeping thousands of mill workers out of employment, putting all the blame on the 1982 strike.

There are numerous other instances where the poor workers and the nation's vital production suffer, while the industrialists prosper. These should serve as an eye-opener for the public, the workmen and the government. ☐



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Dead-end for Nirlon?

Once one of the more successful companies in the yarn business, Nirlon Synthetic Fibres & Chemicals Ltd is today in a mess because of faulty expansion and investment decisions. Several revival plans drafted over the past 10 months have failed to take off, and meanwhile, the company's problems are snowballing

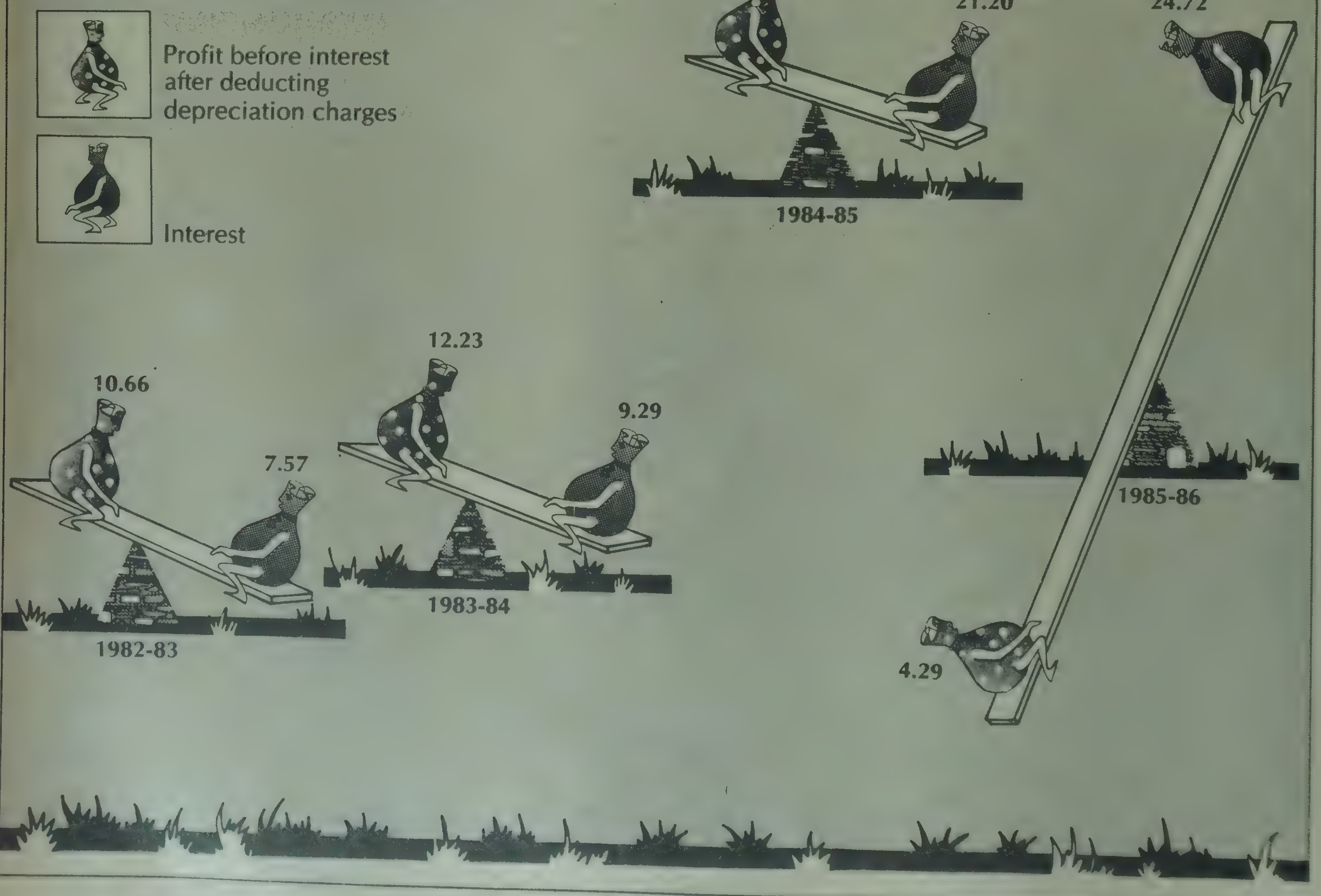
Mounting losses, high interest costs, low production levels and poor sales realisations have the Bombay-based Nirlon Synthetic Fibres & Chemicals Ltd in a vice-like grip. Ever since the once-profitable manufacturer of nylon and polyester yarns, tyrecord and belting went into the red last year, it has been awaiting deliverance, through a rehabilitation plan being worked out by its bankers and the financial institutions. The tortuous process has so far thrown up a series of revival packages, but none of them has come anywhere near fruition yet.

For the first time in 28 years of operation, Nirlon is facing the combined backlash of mistimed expansion, improper financing programmes, and sluggish markets for its products. During the year ended September 1986, the company posted a loss of Rs 20.43 crores on a turnover of Rs 184.32 crores, with interest costs eating away a major part of the earnings. Working capital constraints have since led to a total stoppage of work at its nylon filament yarn (NFY) plant, capacity utilisation of 30 per cent at the polyester filament yarn (PFY) plant, and 50 to 70 per cent at the tyrecord and belting plants. As a consequence, the company is running up losses at the rate of Rs 2.5 crores each month.

Conventional rehabilitation models would prescribe the pumping in of additional funds to protect obese and high-cost companies from the rigours of the marketplace. But in the case of Nirlon, it is being realised that strength does not always come by devouring more cash. The company has to jettison loss-generating assets to stay afloat. And so, up for sale are the NFY and PFY plants, with the tyrecord division queueing up.

The Nirlon management has been involved for over nearly 10 months in protracted negotiations with various industrial houses including the Goenkas, the Modis, the Birlas, the Singhanias, the Mafatlals and the Ruias. Last fortnight, the company seemed to be on

Profits and interest: riding a see-saw



the verge of clinching a deal of about Rs 60 crores for its PFY and NFY plants with Praful Shah, chairman and managing director of the Surat-based Garden Silk Mills. The total package includes a small polyester staple fibre plant with a capacity of about 15 tonnes per month, and some residential buildings, at Goregaon.

Now, the latest indications are that K. K. Modi of Modipon has stolen a march over Garden, with an offer that is "worth a few crores more". Negotiations with Harsh Goenka, managing director of the Goenka group's Ceat Tyres, for the tyrecord division have also reached an advanced stage. However, Virenchee Sagar, one of Nirlon's two managing director, denies rumours that a memorandum of understanding has been signed with the Goenkas.

N. Vaghul, chairman of the Industrial Credit and Investment Corporation of India (ICICI), who has been trying to structure the revival plan along with the company's 11 bankers, is hopeful of a workable solution. "I feel Nirlon has to be rehabilitated, at least in the interests of the workers and investors," he says. "And it is capable of being rehabilitated. As far as we are concerned, no stone will be left unturned..."

Meanwhile, K. K. Modi has gone to the US to consult his company's partner Rohm and Haas about the proposed purchase of Nirlon's textile division, ie, the PFY and NFY plants, it is learnt. Even though the Modipon offer looks better, the financial institutions involved in the structuring of Nirlon's rehabilitation plan are said to be in favour of the Garden deal. Besides rumours of infighting among the Modis, what appears to worry the financial institutions is their experience with Modi Cement, where a Rs 80-crore project finally cost Rs 153 crores as a result of cost overruns. Nirlon's labour force is also said to be against the Modis coming in, apparently due to troubled labour relations at the Modi group's Bombay Tyres plant.

Box 1

Hidden losses

Nirlon's actual performance during the year 1985-86 was worse than it appears at first sight. Creative window dressing has kept much of the losses hidden.

The company's auditors, N. M. Raiji & Co note that a change in the method of charging depreciation for certain items, from the written down value method to the straight line method has helped the company write back excess depreciation of Rs 12.84 crores. This has caused losses to be understated by over Rs 15 crores.

Further, a sale-and-lease-back deal has generated a profit of Rs 4.8 crores, which would otherwise have shown up among the losses. And accounting of sales tax refunds on an accrual basis instead of a cash basis cut losses by a further Rs 37.37 lakhs.

The company has also not provided for several liabilities. These include a disputed excise liability of Rs 3.57 crores, gratuity of Rs 2.5 crores, and doubtful debts and loans and advances of Rs 5 crores. Incidentally, doubtful loans and advances shot up from Rs 19.77 lakhs in 1984-85 by over 2,225 per cent to nearly Rs 4.6 crores in 1985-86. The company's management explains that the bulk of this money is owed by one party, and that efforts are on to recover the dues.

For the Garden group, which is a manufacturer of upmarket sarees and dress materials, Nirlon's textile division will be more than helpful. Besides the Rs 60-odd crores as consideration for the plants, Garden is said to be planning to invest another Rs 50 crores to increase PFY capacity from the present 4,000 tonnes per annum (tpa) to 15,000 tpa, and scrap the NFY plant. So for a total investment of about Rs 110 crores, Garden will have a plant which would otherwise have cost them at least Rs 140 crores.

The bulk of Garden's requirements of speciality polyester filament yarns used in its sarees and dress materials is imported, while only a small part is purchased from domestic manufacturers such as Petrofils, and, of late, Nirlon too. In all probability, the Garden group will set up a new company for the purchase, with an equity stake in it. This company will take over Rs 60 crores of assets from Nirlon, and simultaneously take over

Tyrecord plant at Tarapur: Nirlon wants to keep it

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liabilities totalling a similar sum. The outflow of cash, if any, will be minimal.

Meanwhile, Nirlon has upgraded the product mix of its PFY plant during the last couple of months, to a small extent. The new mix envisages a lower output, but higher realisations — yarn varieties which offer low value-additions are being phased out. At a production rate of 280 tonnes per month, the average sales realisation at current market prices works out to over Rs 190 a kg. This compares well with the earlier product mix, which, at 400 tonnes a month offered a realisation of only Rs 154 a kg.

Nirlon has also been negotiating with the Japanese companies, Toyobo and Toray Engineering, for knowhow to revamp its PFY plant for the production of speciality fine denier yarns. The Japanese, it is believed, are agreeable to selling their knowhow, but reluctant to give a process guarantee, considering the age and the technological base of Nirlon's plant.

For the Goenkas, the purchase of the tyrecord division at Nirlon will make commercial sense. Nirlon produces as much tyrecord as Ceat Tyres consumes. At a price of about Rs 45 crores, the sale package covers tyrecord manufacturing capacities at Nirlon's Goregaon and Tarapur plants totalling 5,000 tonnes, and a Zimmer plant with a capacity of 4,000 tonnes which is currently lying at a bonded warehouse in Tarapur, for nearly eight months now.

Sagar: a costly lesson

Once one of the more profitable companies in the country's man-made fibres and yarns industry, with an uninterrupted equity dividend record since it went public (an average dividend of 22.5 per cent for the last 12 years), Nirlon is today an untouchable, at least among the investing public. The quoted price of its Rs 10 share has plummeted from a respectable level of Rs 77 in January 1986 to Rs 13 today.

Nirlon's performance during 1985-86 left room for little else but despair, even with considerable accounting jugglery (see box 1). Turnover at Rs 184.32 crores was short of the anticipated Rs 200 crores, but marginally higher than the previous year's annualised Rs 183.43 crores (turnover for the 18-month period between April 1984 and September 1985 was Rs 275.14 crores). Profit before interest, depreciation and tax was only 5 per cent of sales, compared with the 12.5 per cent achieved in the previous year. Depreciation charges at Rs 5.26 crores were about half of that in the year before thanks to a change in the accounting method, but interest costs ate away Rs 24.72 crores, leaving a loss of Rs 20.43 crores.

Once the sale of the textile division comes through, much of the pressure on Nirlon will ease off. A large part of the outstanding loans will be wiped out, and the interest burden will also be reduced substantially. The deal will also cover Nirlon's current assets of about

Box 2

No longer viable

Rehabilitation of sick companies, under the traditional model, would normally involve fresh infusion of funds. But in the case of Nirlon, the possibility of reviving the entire company was given up by the banks and the ICICI after indepth studies. They found that the company as it is today — a four-division manufacturing entity — can no longer be a viable concern.

In fact, the rescue team went to considerable lengths to find a way out of the mess. Initially, they assumed 100 per cent capacity utilisation at all the plants with necessary improvements in the product mix, with a fresh infusion of about Rs 35 crores. They arrived at a profit figure of Rs 14.6 crores before the increased interest and depreciation, against the company's expectations of Rs 19 crores. The net conclusion was that Nirlon's viability was questionable even if its plants were technically sound, at current market realisations.

Next, the banks considered the grant of liberal sops, such as these:

- operating fund facilities would be available at 14 per cent interest;
- the gap between the working capital limits and the amounts drawn in excess of that would be converted into a working capital term loan at an interest rate of 12.5 per cent;
- half of the term loans and debentures from financial institutions and banks would be converted into equity to ensure a saving in interest costs;
- institutions which hold debentures will provide reliefs by way of reduction in interest for three years;
- and modernisation loans of Rs 9 crores would be provided at concessional interest rates, yet undisclosed.

Nirlon was so far gone that in spite of so many concessions, the company's operations were beyond the realm of viability. In fact, chances were that it could just about earn enough to cough up the reduced interest liabilities.

Even studies made by one of the industrial groups which considered taking over the whole company more or less confirm this. They showed that even with major facilities, including waiver of penal interest and reschedulement of loans, the company may not start making profits until the eighth year.

Disposal of the company's assets, either wholly or in part, was the inevitable next proposal considered by the banks. But despite the interest shown by several leading industrial houses such as the Goenkas, Birlas, Modis, Singhanias and the Ruias, no mutually acceptable terms could be arrived at — tax shelters to the potential buyers, if any, would not have been significant.

The first option to liquidate the company was a hard one to consider for the rescue team, but they abandoned the proposal after they found that not more than half the secured debt would be extinguished by the sale of the entire company. Unsecured bank borrowings of about Rs 18 crores would still be outstanding as also another Rs 30 crores held by unsecured depositors (including small depositors holding roughly Rs 10 crores).

The banks and the financial institutions decided that till a suitable solution is found, a monitoring committee comprising representatives from the ICICI, Hongkong Bank, Citibank, Standard Chartered Bank, the State Bank of India and the Syndicate Bank will oversee the day-to-day operations of the company. It was also decided that production at the company's plants will continue only where raw materials are procured by way of letters of credit from banks, and also that the sales proceeds will be credited to specific accounts. The idea was that in case the company went under, banks will lose money only to the extent of that which is tied up in work-in-process and raw materials on hand.

Rs 35 crores (excluding receivables of about Rs 11 crores), and bring down working capital requirements to manageable levels.

If the company's management decides to retain the tyrecord division after the sale of the textile division, it will require about Rs 20 crores immediately, excluding working capital requirements of about Rs 10 crores. About Rs 10 crores will go towards payment of customs duty to release the Rs 8-crore Zimmer plant. Another Rs 5 crores will be required to meet the plant's installation costs, while the rest will go to satisfy some sundry creditors.

The company has already received Rs 2.5 crores from the ICICI against the sale of two floors extending over 12,000 sq ft at its headquarters at Nirlon House in Bombay. Any further infusion of funds will have to be matched by a 20 per cent contribution from the company's owners.

Nirlon's woes began a year-and-a-half ago, when expensively-financed large investments in the expansion of the polyester yarn and tyrecord plants coincided with sales realisations for its products taking a nose dive. Excessive reliance on short-term borrowings pushed interest costs to dizzy heights. Choked credit limits with banks and poor cash flow strained the funding of working capital requirements. Consequently, production had to be curtailed.

By the middle of May this year, the company's debt had piled up to over Rs 185 crores. At a recent meeting of the company's bankers, it was decided to find ways to arrange for Rs 5 crores to meet the company's immediate requirements. But no bank was willing to stick its neck out further, it is learnt.

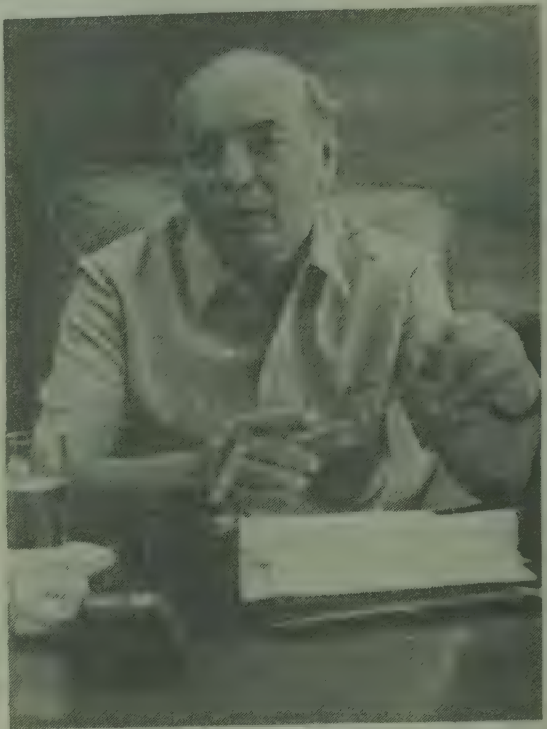
Among the banks which have lent to Nirlon, the Hongkong and Shanghai Bank has the largest exposure (about Rs 40 crores), followed by others such as Citibank and the Standard Chartered Bank with amounts of about Rs 7 crores each. It is reliably learnt that some of the banks, including the Hongkong Bank, have reconciled themselves to the prospect of writing off a quarter of the loans.

The banks are believed to be keen on the company selling off its tyrecord division after the sale of the textile division is finalised. The Nirlon management is now reluctant, apparently because tyrecord prices have firmed up recently. Once the Zimmer plant is installed, it will increase the company's tyrecord manufacturing capacity to 9,000 tonnes.

The tyrecord plants at Tarapur and Goregaon and the belting/dipping plants at Roha are expected to generate a turnover of Rs 140 crores (Rs 115 crores from tyrecord and Rs 25 crores from belting/dipp ing) in 1987-88. Sagar says, "Leave alone tyrecord, we never wanted to sell anything. If we sell tyrecord, which is profitable, what will we be left with? Only belting."

However, the proposal to sell the tyrecord division to the Goenkas did first come from Nirlon itself, according to tyre industry sources. The Goenkas were among the several industrial houses considered for the takeover of the entire company, but the rescue team found that revival of Nirlon in its entirety was not possible (see box 2).

The company, however, continued to put up a brave front, and sought a range of concessions (see box 3) from the banks and financial institutions. In fact, the Nirlon management's frequent changes of mind over what should be sold has been one of the main causes for the delay in finalising the revival plan. At the company's headquarters, the first thought when the problem got out of hand in late 1986 was to dispose of the NFY plant, which was inactive and putting the company back by at least Rs 60 lakhs every month by way of direct costs. Talks with Garden at the point did not yield any results.



Bhagat: mistimed expansion

The next proposal was to sell off the whole company, but here the Nirlon management feels that "no single party was seriously interested". Among those who showed some interest were the Modis, whose proposal was dropped because the payment would have come after a period of 7 to 10 years, it is learnt.

It was at about this time that the Nirlon management considered disposing of the tyrecord plants. The Shriram group was a strong contender, but it is believed that it was interested in taking over only a part of the facilities. The Goenkas, on the other hand, were initially reluctant because of differences over the price and the modalities of payment. Also, they had reservations about sharing the utilities at the Goregaon plant with the owners of the textile plants.

Another area where most of the potential buyers had difficulty was in assessing the correct nature and the magnitude of Nirlon's problems. Information from the company's management was not always fully forthcoming, say some, while corporate circles were buzzing with rumours of all kinds about Nirlon.

What actually got the company into a bind, will be endlessly, debated. Sagar, and the company's other manging director, Manhar Bhagat, feel that the major cause was the fall in prices of polyester yarn. During 1985-86, when the prices of texturised polyester filament yarn rose to the highly profitable levels of Rs 200 per kg, the Nirlon management decided to expand its 2,500 tpa capacity to 4,000 tpa by investing Rs 15 crores in two more lines.

At the same time, the company decided to invest in tyrecord expansion by importing the Zimmer plant. The polyester lines, the Zimmer

Box 3

What Nirlon wants

Nirlon's two managing directors Virenchee Sagar and Manhar Bhagat are most reluctant to discuss the contents of the "package deal" that is being worked out in consultation with the ICICI and banks, but all along, they never wanted to sell the company, either wholly or in part. In fact, Nirlon has been pressing for wide-ranging concessions. The bulk of the additional financial requirement was sought to be raised from an issue of convertible cumulative preference shares of Rs 15.24 crores from financial institutions and promoters.

Financial institutions were also asked to consider the sanction of a modernisation loan of Rs 6.15 crores, and also subscribe to privately-placed debentures of Rs 10 crores for augmenting long term resources. Further, Nirlon's management wanted a reschedulement of foreign currency loans, reduction in the interest rates on rupee loans and on debentures, besides restoration of working capital facilities from banks.

The company has also been trying for reliefs from the state government in respect of sales tax. Also, at the instance of financial institutions, it has applied for registration under the Bombay Relief Undertakings Act, which provides for protection against creditors taking action against the company for 12 to 15 years. In practice, however, the protection has been granted for a period rarely exceeding two years, and that too, after annual reviews.

plant and the setting up of the Tarapur works in early 1986 involved a total outlay of about Rs 40 crores. The product mix had also undergone a change — nylon, which used to contribute nearly 45 per cent to the total turnover in 1983-84, was contributing only 24 per cent in 1985-86, while polyester's share went up from 14 per cent to 32 per cent during the same period.

But the expansions were badly timed. Before the company could start realising the benefits of its new investments, it ran into trouble. First, the realisation from both PFY and NFY dropped sharply, contrary to all cash flow anticipations. The resultant cash crunch prevented the company from getting the Zimmer plant released from the customs, while the interest costs on the investments of Rs 35 crores already made began to eat away whatever meagre cash earnings the company was managing.

Sagar and Bhagat expected the high returns from polyester to be sufficient to take on the load of the new investments, but it was not realistic to expect the price to stay at Rs 200 a kg. Sagar says that the company was prepared for a fall of Rs 15 a kg, but the actual drop in price was as high as Rs 45 a kg. The problem was aggravated by an increase in the price of caprolactum, a raw material for nylon, and a fall in the price of nylon yarn. Further, the company's management blames the government for allowing a lower excise duty on polyester staple fibre than that on PFY, leading to reduced demand for the latter.

A closer look, however, reveals that Nirlon's realisation from polyester sales was lower than that of its competitors during 1985-86. Nirlon's average sale price during the year for polyester yarn was about Rs 142 a kg — Rs 14 a kg lower than that realised by Garware Nylons during the same period. In the year before, the gap was as high as Rs 26 a kg. The average Bombay market price for polyester yarn during 1985-86 was also substantially higher than Nirlon's realisation by about Rs 1·2 a kg.

Nirlon's management tries to explain this by saying that most of its production was restricted to partially oriented yarn (POY), which commands a price lower by about Rs 15 to Rs 20 a kg than that of PFY. But it is also true that Nirlon's yarn quality was not among the finest in the industry. The problem lies in the company's dependence on indigenously-developed knowhow (compared with others in the industry who have foreign collaborations) introduced in patches, leading to inconsistency. Some of the knowhow was also obtained from equipment and machinery suppliers, and management consultants.

The havoc such technology played with the quality of the company's products was quite alarming. A leading industrial house studying the problems afflicting Nirlon found that the substandard production was far higher than the industry norms of five to seven per cent of total output. In the case of polyester, it was 13 per cent in 1983-84, 27 per cent in 1984-85, 18 per cent in 1985-86, and 13 per cent between October 1986 and March 1987. Nylon yarn also suffered, with 6 per cent of total production being substandard in 1983-84, 14 per cent in 1984-85, and 16 per cent in 1985-86.

It may be worthwhile mentioning here that five texturising, crimping and dyeing units (said to be controlled by Nirlon's promoters and their relatives) were employed by Nirlon on a contract basis. At the time that these companies were set up, government policy did not allow yarn manufacturers to set up captive texturising units. Now government policy permits the setting up of such units, and therefore the Nirlon management is believed to have made efforts to take over these companies. The consideration for the assets of these companies was to have been adjusted against outstandings of Rs 10 crores by these companies to Nirlon. Sagar, however, denies the existence of any such companies under Nirlon's control.

While lower yarn prices did affect the company badly, what was worse was the manner in which its investments were made. Company insiders say that a substantial part of the capital expenditure was financed by short-term

Box 4

Dashed hopes

Barely three years ago, Nirlon was busy counting its chickens before they were hatched — expansion programmes on the drawing board showed turnover more than doubling to Rs 400 crores by 1987-88. It was riding the crest of the polyester wave created by Reliance Industries Ltd, and there were "windfall profits" to be had. Besides a Rs 150-crore polyester filament yarn (PFY) project with a capacity of 15,000 tonnes per annum (tpa) in a backward area in Maharashtra's Aurangabad district, the company announced plans to expand tyrecord capacity, set up a joint venture for nylon filament yarn in Karnataka, another in Uttar Pradesh for propylene, polypropylene and butadiene, and diversify into tyres and tubes, steel cord belting, carbon fibre and fertilisers.

Danger signals unheeded. Even as they were drawing up these grandiose plans, the company's management could not foresee the steep fall of over 25 per cent in yarn prices, triggered off by the removal of anti-dumping duty on PFY in June 1986, which made imports cheaper. Today, they say that the company was prepared for a 10 to 12 per cent fall in the price, even though the reduced price would still have been at least five times the international market rate. The hazards of bunching together large investments, and short-term financing of long-term capital assets were also overlooked. And all along, the danger signals were not picked up.

Much more foresight and caution could have been expected from an old hand in the polyester business — Nirlon, in 1966, was the country's first producer of PFY. Having started with a two-tonne-per-day nylon filament yarn plant in 1962, the company went on to pioneer the manufacture of nylon tyrecord in India in 1970, commission a polycondensation plant in 1974, and, four years later, diversify into conveyor belting, and V/fan belts. The company also made technological breakthroughs in coloured yarn and polyester.

For about two decades after Nanubhai Jhaveri — a jeweller for many princely states including the Travancore-Cochin royal family (who still have a representative, Rama Varma, on Nirlon's board) — founded the company, things were hunky dory. Along with him were his two nephews, Virenchee Sagar and Manhar Bhagat, both graduates of the Philadelphia Textile Institute. After the founder's death in 1965, his brother Pramod Jhaveri took over as managing director, and before his death in the early eighties, he retired to Switzerland. Meanwhile, Bhagat and Sagar rose from the position of managers to become executive directors in 1968, and six years later, managing directors.

Conflicts between the two managing directors are strongly rumoured to have aggravated the company's problems in recent times, but both of them deny the charge. "These are rumours created by vested interests," says Sagar. "In times of crisis, people get closer to each other. In fact, we have lunch with each other three or four times a week."

Today, the company's ambitious programmes have run aground. At current market prices for yarn, the PFY project may never be taken up. And all the other plans have been shelved, at least till the firefighting is over. A spanking new Zimmer tyrecord plant, held up at a bonded warehouse for want of funds to pay the customs duty, is also awaiting clearance for over eight months now.

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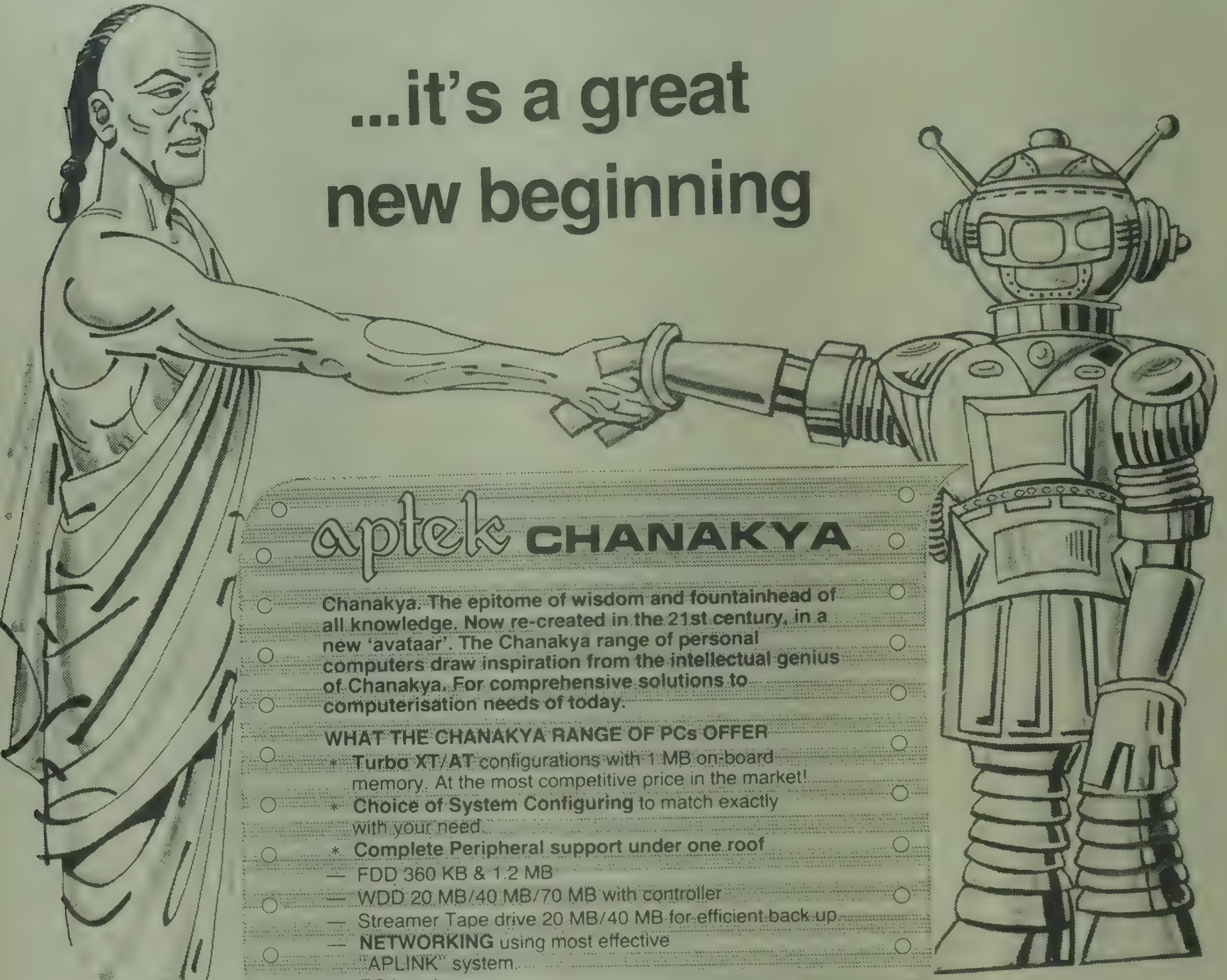

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borrowings from banks, bill discounting (at 17.5 per cent interest and three-year maturity periods), and getting dealers to discount bills with their banks (the discounting charges were reimbursed to the dealers). Easy availability of short-term finance, and an apparent fear that financial institutions might invoke the convertibility clause, caused the management to fight shy of cheaper long-term funds.

All along, banks and the financial institutions failed to see the danger signals. They continued lending money, without really bothering to check what use the funds were being put to. This, in spite of the fact that the ICICI had a director on the board of Nirlon. Perhaps, the company's good track record made its creditors complacent.

Studies made outside the company indicated that nearly Rs 10 crores was paid as interest to suppliers and as bill discounting charges during 1985-86 — an expense that could have been eliminated with proper working capital management. It is also pointed out that substantial savings were possible in raw material purchases. Conversion costs too are said to be on the higher side — about 1.5 times the industry average.

The Nirlon management also comes in for criticism over the way it went about its marketing. In an industry where its competitors operated with countrywide marketing networks, Nirlon apparently used brokers to do the selling. The Nirlon management claims that brokerage is an integral part of the business.

Nirlon's wage costs are also higher than those of other manufacturers by nearly a third, at Rs 7 a kg approximately. The average salary of a worker at Nirlon is about Rs 1,600 and the benefits include ad hoc allowances of Rs 600 each year, free children's education, liberal medical benefits, and a sizeable bonus of 20 per cent annually. The company's union (controlled by the Shiv Sena) is naturally happy with the management, but it is averse to the sale of any plant at the Goregaon premises. "The units at Tarapur and Roha were set up with the profits earned by the mother plant at Goregaon," says a union office bearer. "If anything has to go, it has to be either Tarapur or Roha." Another fear is that a new management at the textile divsion may not be able to afford Nirlon's high wage scales. Of the 3,000-strong workforce of the company, approximately 1,500 work in the textile division.

To ease the pressure, the Nirlon management has already given golden handshakes to about 250 employees, and, in the coming months, another 200 employees may go in for voluntary retirement. However, some of the retrenched workers have been re-employed at lower salaries. Meanwhile, a few key people including the technical manager of the company, have left to take up other jobs. Sunil Gavaskar, who works as a senior manager in the company's public relations and publicity department, is also rumoured to be quitting shortly.

Nirlon's management will remember the lessons learnt over the last two years. Now it regards short-term borrowings as anathema. Today it realises that the tyrecord expansion should have been spread over a period of two to three years, and not bunched with the PFY expansion programme. As a senior official said, "It is important to consolidate before leaping forward"

Nirlon: a financial profile

	(Rs in crores)			(Rs crores)
	1985-86	**1984-85 (18 months)**	**1983-84**	**1982-83**
Sales	173.10	269.80	145.30	130.73
Other income	11.22	5.34	1.66	1.73
Excise	61.12	88.75	49.98	44.12
Operating income	9.54	34.39	18.65	16.08
Interest	24.72	21.20	9.29	7.57
Gross profit/(loss)	(15.17)	13.19	9.36	8.51
Depreciation	5.26	10.39	6.28	5.42
Tax	—	0.10	0.14	—
Net profit/(loss)	(20.43)	2.70	2.94	3.09
Equity capital	10.46	10.46	10.46	10.46
Reserves	33.61	43.85	24.55	25.03
Loans: Secured	99.83	65.86	39.41	21.71
Unsecured	24.33	21.56	24.70	18.09
Net fixed assets	98.50	73.70	45.27	39.24
Net current assets	33.82	48.38	45.35	37.09
EPS in Rs (face value Rs 10)	(19.53)	2.58	2.80	2.95
Dividend (%)	—	22.50	22.50	22.50

As the company's management is busy firefighting, several of its proposed ventures have been shelved for the time being (see box 4). The only project which is still seriously being considered is a steel cord belting project to be set up at Roha, with technical collaboration from Clouth Gummiwerke AG, and a development bank, DEG, both of West Germany. The 2,500-tpa plant will be set up by a separate company with a Rs 12-crore equity, of which Nirlon will invest 24 per cent. However, this investment will be made only after the current problems are out of the way, if at all.

To be sure, in all future ventures, the lessons learnt over the last two years will be remembered. The company's management now regards short-term borrowings as anathema. Today it realises that the tyrecord expansion should have been spread over a period of two to three years, and not bunched with the PFY expansion programme. As a senior official of a financial institution said, "Companies are increasingly coming to realise that it does not pay to expand too fast, that it is important to consolidate before leaping forward."

Also, there is a realisation that it should have got out of the nylon yarn business long ago — the plant proved to be a millstone round its neck. Finally, it is dawning on the management that success in business is judged by not only how much a company earns, but also by how it spends its monies.

SHANKAR P.

Overview by Romesh Thapar

The shadow of Japan

The other day, one of our senior diplomats acknowledged that India's foreign policy frameworks were badly battered, but went on to make an incredible statement about the need to build a solid relationship with Japan. I don't know whether this theorising was based on solid assessments of future power alignments or was inspired by the desire to have a rich friend.

Japan has always looked upon India as the Italy of Asia. These days this image is shot through with all kinds of cynicism and sarcasm, but the Japanese are a serious people and are comparing certain behaviour patterns common to both countries. What's more, despite the postures of our new elite, they have always been careful not to equate us with the highly organised and subtle Anglo-Saxons.

The presence of Japan is beginning to cast its shadow over the sub-continent. The earlier effort to mobilise Japanese assistance in critical areas has been abandoned even though the Planning Commission has hosted many joint meetings with Japan

Despite the current paralysis of the foreign office and the Planning Commission, they remain conscious of the Japanese interest in the Indian market. It was, after all, an area which escaped the impact of Japanese occupation and atrocity, and was free of the psychological fears of South-East Asia where economic miracles have not dissolved.

For reasons still unknown, Japan was denied an easy entry into India. Even when an offer existed to establish a variety of industries vital to Indian development on a turnkey basis, with payment arrangements based on lifting the products produced, our decision makers spent their time looking for the traps. And this in a country already massively manipulated by foreign capital. Obviously, western multinationals exerted their hidden influence.

Japan, too, wallowed in confusion. It could not decide whether to turn to Asia or to look Pacific-wards. The decision is now being dictated by the economic hostility of the US, and the new understandings of Japan's role in Beijing and Moscow. The Asian connection was attractive, what with raw materials near at hand (particularly in Siberia) and the enormous markets of the Soviet Union, China and India waiting to be tapped.

Naturally, India was the most attractive in profit terms, and its business establishment was trained in the ways of the capitalist world. But the Japanese never move without close and patient study of behaviour patterns in markets.

Obviously, a great deal of preliminary work was done in their favourite area of automobiles. As soon as the green signal was given for modernising our cars and trucks — and, this is important, TELCO had been denied permission to produce a largely indigenous twelve-seater 'mobile' on some stupid reading of the anti-monopolies legislation — the Japanese moved in.

The Maruti sheds outside Delhi provided the best base, jointly with the public sector. It is most instructive to study the Maruti-Suzuki collaboration, the stress on changing models every year or two, and the whole range of collaborations sparked by the spare parts market. I will not talk of indigenisation because that is not favoured. Where it exists, it is confined to non-essentials — and that, too, at a rather pathetic quality level. It is a pattern that is likely to persist because it serves Japanese economic interest.

Interestingly, starting with the Maruti-Suzuki project, the Japanese automobile industry has more or less "seized" our plants. We can no longer claim a developing self-reliance in this area, and have abandoned the idea of concentrating only on essential technical improvements.

Another area which has seen a Japanese take-over is electronics. Here, the approach is different. No electronics base has been developed. Units in a knocked down condition are imported and reassembled for sale at enormous profit. This screw-driver effort looks impressive, and is in Indian hands, but we forget how our foreign exchange earnings are being misused to purchase this Japanese material abroad for protected sale in India, protected because the customs levy a 150 per cent duty on any electronic goods brought into the country.

The presence of Japan is beginning to cast its shadow over the sub-continent. The earlier effort to mobilise Japanese assistance in critical areas has been abandoned even though the Planning Commission spent many years hosting joint meetings with Japan. If we study this experience, we will realise that no effort was made to establish strict priorities and to demarcate the areas of collaboration. There's no point in blaming Japan for exploiting our weaknesses.

The Japanese do not understand an economy like India's, a world within a world, anxious to build a balanced industrial infrastructure. They are geared to profit-oriented exports and the subjugation of whatever market they operate in. To allow them to seep into the Indian economy without a proper discipline of priorities, worked out on the basis of our national interest, is tantamount to encouraging wasteful consumer-oriented production. Very soon, those who collaborate for easy profit with the new Asian giant will come in for severe attack.

In other words, we need to deepen our understanding of the economic relationship with Japan and to give it dimensions which ar beneficial to both countries. We always move too late, and lazily. Maybe, the organisati ostensibly concerned with Indo-Japa friendship need to lift themselves out of familiar *cliches* on which they live. We do no wish to become like Africa where France an W. Germany are re-establishing their prese behind corrupt Black traders mouthing radic rhetoric.

The Japanese do not understand an economy like India's, a world within a world, anxious to build a balanced industrial infrastructure. They are geared to profit-oriented exports and the subjugation o any market they operate in

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Corporate Reports

BIRLA MERCURY FUNDS

Ready to take off

After a long wait of nearly four years, Ashok Birla has finally got all the government approvals for his Birla Mercury offshore mutual funds last month. He and his executives are now busy working out the modalities of launching the funds by the end of the year

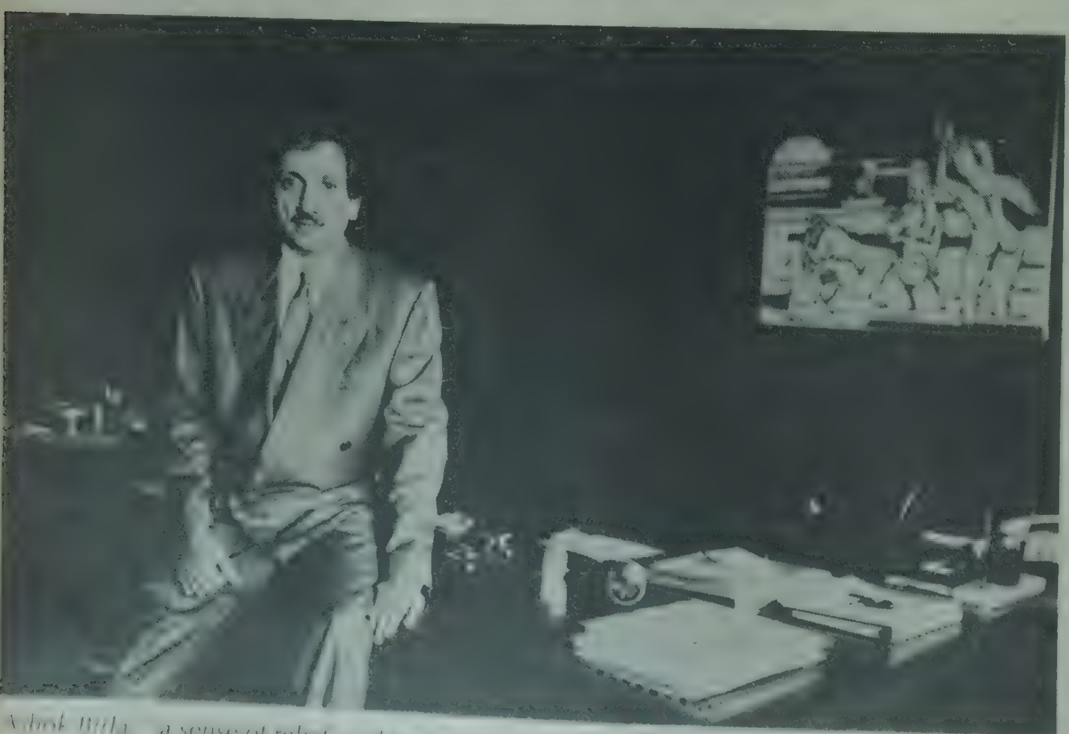
Last month, after a long wait of nearly four years, the last of a series of government approvals for the offshore Birla Mercury mutual funds finally came through. Ashok Birla, director, Birla Bombay Pvt Ltd and chairman of companies like Zenith Ltd, Tungabhadra Industries and Birla Yamaha, was among the first to apply for government permission to invest non-resident Indian (NRI) funds in the Indian stockmarkets way back in October 1983.

So far, Birla could only watch other similar, and not-so-similar, funds like Cifco-Hill Samuel, UTI-Merrill Lynch and the Grindlays Investment Fund take off, while his application was being shunted around in Delhi. "The green signal from the government gives me a great sense of joy, and relief," says Birla who is also joint chairman of Birla Mercury. "I wish we had got the go ahead earlier, but better late than never."

The take-off of the long delayed Birla Mercury funds may well add momentum to the fledgling mutual funds business in India. Already there are two major funds operative — the India Fund and The Mastershare fund, both managed by the monolithic Unit Trust of India (UTI). And soon, the State Bank of India's mutual fund, which was also given the government's go ahead last month within four months of application, will join this new breed of big players in the market.

The Birla Mercury venture is the first private sector fund to be granted official blessing. The Cifco-Hill Samuel offshore fund, floated in November 1984, did not need government approval to be constituted since it does not have any Indian shareholding or directorships. The Reserve Bank of India's permission, however, is required to operate on the Indian stockmarkets and this was granted to Cifco-Hill Samuel only last year.

"We were keen to have a significant equity stake and control in the fund management company," says Birla. "After all, these funds will tap NRI money and make significant investment in Indian companies. The NRIs need to be assured that their money will be safe in a company that is approved by the Indian government." For nearly two years, Birla's application got stuck in Delhi because the government did not grant approval to appoint the Birla nominees — Ashok Birla himself, Rozal Mehta, Ajit Dayal, Rahul Bajaj, Keshub Mahindra and Nimesh Kampani — as directors on the board of the fund manager, Birla Mercury Management and Consultancy Services Ltd (BMMC), and two fund companies, Birla Mercury International Growth Fund Ltd, Birla Mercury India Growth Fund Ltd, all registered in Jersey, Channel Islands. This was despite the fact that the government had already granted permission in January 1986 to Birla Bombay Pvt Ltd to remit its 51 per cent stake in BMMC (5,100 pounds).



Ashok Birla — a sense of relief and joy

Not surprisingly, this led to a suspicion among financial circles that Birla's application was being held back in Delhi because the government was still in two minds about allowing private sector mutual funds to operate in India. In the meanwhile, the government-owned UTI had also applied for setting up the India Fund which led to another round of suspicion that the Birla fund would be kept on ice till the UTI's fund sailed through. But M. J. Pherwani, chairman of the UTI, flatly denies that the India Fund application had anything to do with the delay in approval of the Birla funds. "There was a lot of loose talk about the UTI obstructing government permission for other funds," he says. "But we have no role to play in the determination of government sanctions for funds."

Now that the approvals have come through, Birla and his executives are busy working out the modalities of launching the funds. Two funds will be simultaneously launched some time in the last quarter of 1987 — the India and International funds, through the latter two Jersey companies.

Both the funds will be open-ended, ie, the outstanding capital is not fixed and the investors can freely move in and out of the funds. Initially, the shares will be offered at US $10 each inclusive of an upfront manager's fee of 50 cents. Later, the purchase (bid) price of the share will be based on the net asset value (NAV) of the underlying portfolio of the respective funds. The NAV will be worked out on the basis of the current market value of the portfolio investments less all liabilities (including contingent liabilities) and realisation costs likely to be incurred in liquidating the assets. Similarly the sale (offer) price will be worked out as if the securities were being bought on that particular day, ie, valuation day, at the current market price plus expenses, such as brokerage and management fees, that would be incurred in such acquisition. The bid-offer spread is normally around 6 per cent for open-ended funds. "Investors will be able to realise the current market value of their investments whenever they wish to move out," says Birla. "In contrast, closed-ended funds cannot guarantee that since their shares are valued by the stockmarkets and the prices can be below or above the NAV."

An interesting feature of the Birla Mercury funds is that investors will have an option to switch from the India fund to the International fund, and vice versa, at the prevalent bid-offer prices of the respective funds. While the India fund will invest only in Indian securities, the

International fund will invest in all the major markets, including India but barring the United States. Since the majority of funds (60 per cent and above) must come from NRI individuals and companies abroad for the RBI to permit such companies to trade in Indian securities, the fund managers plan to invest up to 25 per cent of the International fund's resources in Indian securities over a period of time.

"NRI investors can freely switch their investments back and forth between the two funds depending on their perceptions of the growth potential in the Indian and international capital markets", says Birla. "No extra charge or commission will have to be paid for this."

This flexibility of operations and the option for investors to switch their funds at any time is likely to be a strong selling point for the Birla Mercury funds. This is particularly so in a year when the Indian stockmarkets have been unduly depressed and the political situation is uncertain. Also many NRIs who took to portfolio investments in India quite enthusiastically in the boom years of 1985 and 1986 have burnt their fingers badly. "At present, the attitude of most NRIs to investment in India is best summed up by one world 'Hold'," says a senior executive of a leading US investment bank based in London. "The performance of UTI's India Fund on the London Stock Exchange is being closely watched. Since this fund is quoting far below its par value investors abroad may not be too enthusiastic about another India fund. Of course, Christmas time is still far away and a lot can change by then."

Probably the only way out seems to be if the NRIs perceive Ashok Birla and his associates, S. G. Warburg & Co Ltd, as better fund managers than UTI and its associates, Merrill Lynch. But assuming that both are perceived to be equally competent, the success of the Birla Mercury funds will hinge on how well these are marketed. The Birla funds clearly have some strong selling points. They are open-ended and this enables investors to sell out at the NAV with minimal risk. There is the option to switch between the funds depending on the risk-return perceptions of NRIs in the Indian and overseas markets. The funds are not owned or controlled by the government and can make purely commercial or profit oriented decisions, unlike government owned institutions which are constantly hamstrung by market objectives that often conflict with profit making. Besides, the investment is denominated in US dollars, the most widely preferred currency. This limits the risks arising from exchange rate fluctuations to only one level, ie, between the Indian rupee and the US dollar.

Dalal: wecome move

On the flip side, the Birla funds will have to pay tax on capital gains realised in India, unlike the UTI's fund which is tax exempt. The effective tax rates are 65 per cent on short term gains and 45.5 per cent on long term. The Birla funds will have to pay tax every year and provide for contingent tax liabilities on a continuous basis to determine the weekly NAV. But the UTI's closed-ended fund will incur tax liability only if it is redeemed (in 1933 or later) and the capital gains have to be repatriated abroad. As such, its NAV is not reduced by any contingent tax liability and there is no year to year outflow of resources in the form of tax payments.

Further, the Indian government's requirement that at least 60 per cent of funds should be owned by NRIs could delay or even prevent redemption of shares in case this condition cannot be met for any reason. And since, the Birla funds will be subject to steep tax rates on capital gains, particularly short-term, arising from their Indian investments, the redemption prices of the India fund shares could be adversely affected if there are too many redemption requests, in a worst case scenario. However, the reduction in the holding period of shares from the three years to one year brought about by the last union budget, to render the gains arising on their sale eligible as eligible for long term capital gains under the Income Tax Act has considerably taken out the sting from the high tax rates.

So on balance, a lot will depend on how effectively the funds are marketed to NRIs. "Earlier I was looking mainly at the small investors, individual NRIs willing to invest between $2000 and $5000," says Birla. "This emphasis on a retail, open-ended fund still continues, but it may be prudent to spread our wings." In all likelihood, the Birla funds will try to rope in a wide range of NRIs, small and big individuals and companies.

J. M. Financial & Investment Consultancy Services Ltd (JMF), which will market the funds in India, has a strong network of brokers and representatives in the Middle East — the major sources of NRI funds invested in India. "We selected JMF as the marketing company for our funds because they have a good track record in tapping NRI funds for several Indian companies," says Birla. "They will also act as investment advisors to the India fund, given their long experience of stockmarket operations in India and a fine information base on Indian securities."

JMF's representatives will be stationed for about a month in all the major countries in the Middle East, Far East and the UK to sell the funds to NRIs. The services of some major Indian and foreign banks will also be utilised to retail the shares during the launch period as well as to provide the post-launch services. How successful the marketing efforts will be is anybody's guess but many observers expect an initial subscription of around $25 to $30 million.

So very soon, there will be a number of mutual funds, offshore and domestic operating on the Indian capital market. "It is very good that the government has decided to allow several mutual funds, from the public and private sectors, to operate on the markets," says Bhupen Dalal, vice-chairman and managing director of CIFCO. "Individuals need expert management of their investments in securities. And a number of mutual funds are absolutely necessary, if large volumes of shares are to quickly change hands without destablising their prices in the process." However, many people are also skeptical about how effective mutual funds can be in the Indian context. "Where is the floating stock?" asks a market analyst who prefers anonymity. "What will all these funds buy in a market where there are few good scrips, large chunks of which are held by a few institutions that rarely offload their holdings?"

Many observers are also concerned about the virtual absence of any well defined framework of rules and regulations within which mutual funds must operate in India. What sort of operational information mutual funds must be compelled to disclose? Should a fund be allowed to invest in companies owned and controlled by its own promoters? If so, to what extent? What about restrictions on insider trading? "We are not going to get into any hanky panky deals," says Birla. "In fact, we have a written understanding with our associates, ie, Warburg, that the investment of Birla Mercury money in Birla group companies should be kept at the minimum. We will follow a policy of reverse discrimination towards them."

MUKARRAM BHAGAT

SUPREME INDUSTRIES

Heady growth

Supreme Industries Ltd (SIL) is today the largest single industrial plastic products manufacturer in India, even though it commands a mere 7 per cent market share. Its growth, ever since MP Taparia took over SIL in 1967, has been impressive. Sales grew from Rs 19 lakhs then to over Rs 40 crores last year and are slated to cross Rs 84 crores by this year end

HARSH MAN RAI

The SIL plant: the largest single manufacturing facility for industrial plastic goods

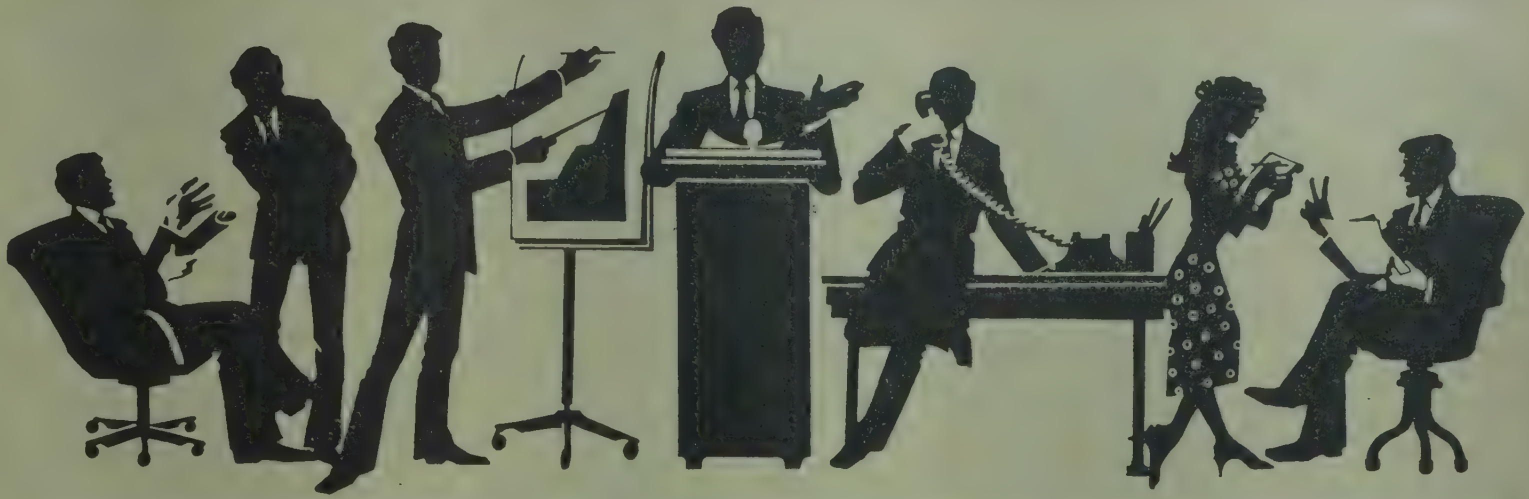
Being the largest in a specific area, yet commanding a market share of about 5 to 7 per cent is a strange position to be in. Yet, that is what is unique about Supreme Industries Ltd (SIL), the largest single manufacturer of industrial plastic goods in India. It is estimated that there are as many as 10,000 small and medium manufacturers of plastic goods. However, even SIL's market share of just around 5 to 7 per cent is significant, as it has been achieved through a continuous consolidation in the fragmented market.

Ten years ago SIL was often dismissed as a write-off. Things changed for the better when M. P. Taparia came aboard in 1967. He is a post graduate in Sanskrit hailing from a family trading in textiles in Bombay and Calcutta. On the advice of friends, Taparia bought a 54 per cent stake in SIL's equity of Rs 9.32 lakhs at a price of Rs 6.6 lakhs, and became SIL's managing director. Today SIL's share, which was once quoted at Rs 115 to Rs 145 each, now commands Rs 900. Moreover, sales have shot up from Rs 19 lakhs a year to an impressive Rs 40 crores, and is expected to touch Rs 84 crores in the current year.

The first thing that Taparia did on assuming management was to close down all manufacturing activities of SIL except for plastic moulded and extruded goods. Hitherto it manufactured screws, ink, varnishes, rubber wheels for tricycles and wire coating materials. "For one, all the non-plastic lines of business together accounted for sales of not more than Rs 50,000 a year. Secondly, I believed that SIL's mainstay would have to be pastics alone," explains Taparia.

Simultaneously, Taparia began reducing the company's dependence on orders from the defence sector. Over the years this had led to poor management of stocks, much of which had even become obsolete. After skipping dividend for the first year and clearing out stocks at a loss, Taparia managed to get the company back on the rails. By 1968 it had begun to generate surpluses. Since then, Taparia has had no cause to look back with regret.

"Today, we have the distinction of being number one in most of the areas we do business in," says Taparia. SIL is involved in 12 product groups (the company's classification). These are: PVC pipes, PVC pipe fittings, six different kinds of filing and sheets like expanded polythene foam, co-extruded and HMHDPE film, houseware items and mats handling crates, industrial components and defence requirements. Narrowed down, however, these groups fall into four categories household goods (which include houseware items like mugs, buckets, trays and *shatra* mats), packaging materials (including all kinds of films and sheets and handling crates), dustrial mouldings (including defence goods and products for the agricultural sector (PVC



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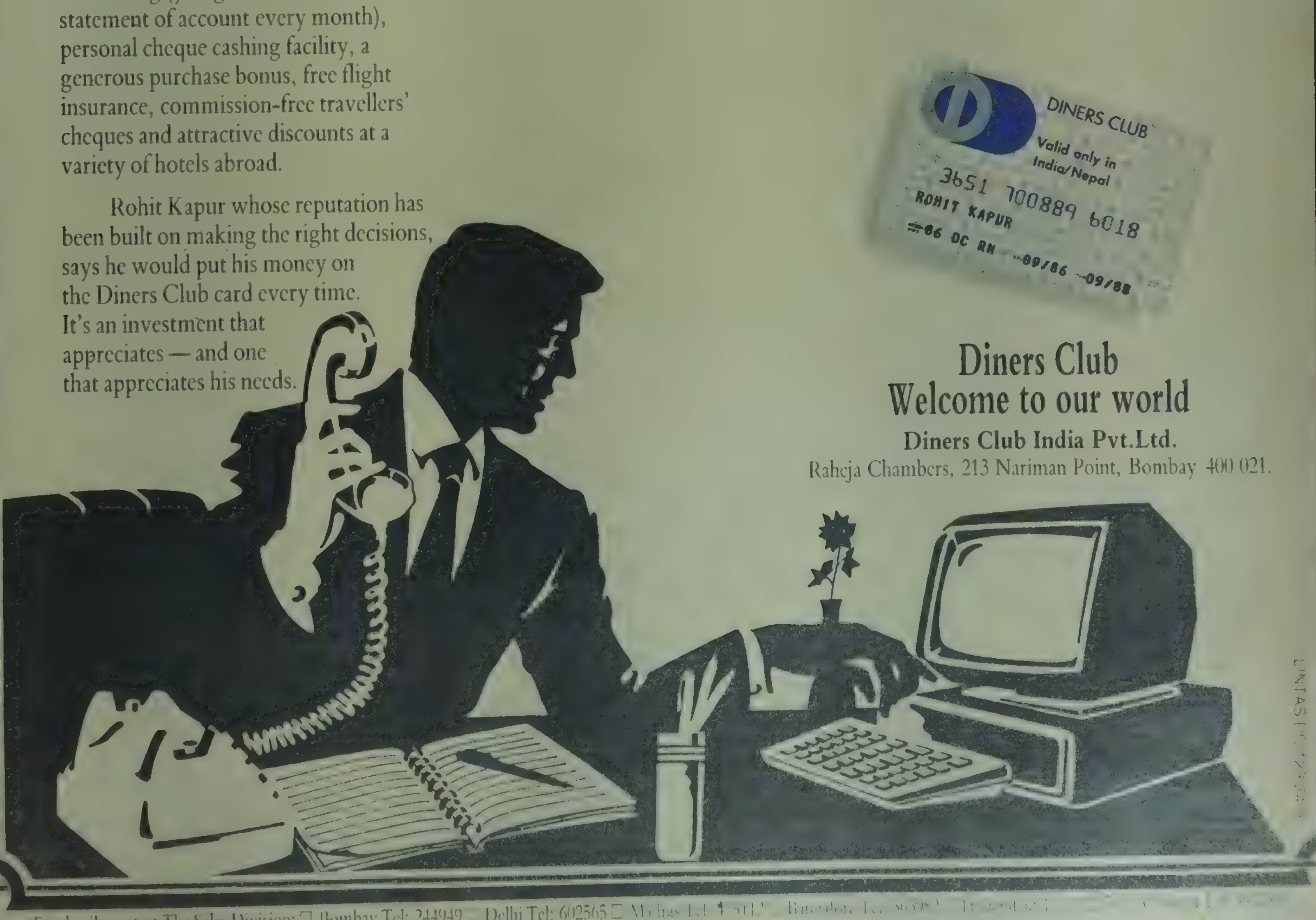
Rohit Kapur whose reputation has been built on making the right decisions, says he would put his money on the Diners Club card every time. It's an investment that appreciates — and one that appreciates his needs.

Financial Director Rohit Kapur recommends a capital investment



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SERIES 2001

Money can't bu

pipes and fittings and plastic sheet linings for canals).

It was possibly in anticipation of competition, especially at the lower end of the market for plastic goods, that Taparia wisely decided to reduce his dependence on houseware products too. "There were actually two reasons why I did so," he says. "One was to move into areas where even single orders would be very large. This way one did not need to depend on a large distribution network, especially in a segment where there are already too many competitors. The second was to eliminate the need to evade sales tax and other levies which itself was necessitated by the cutthroat competition that emerged again from overcrowding."

By catering to the market for industrial goods, Taparia not only managed to avoid the cost and price wars that are generally associated with the lower end of most market segments, but could also afford to grow legitimately. The last assumes significance when one realises that most consumer plastic product manufacturers are, as one imaginative trade source put it, like icebergs; their need to cut prices and consequently evade all sorts of state levies has forced them to hide most of their operations and restricted legitimate growth.

Houseware, which contributed around 5 per cent of SIL's turnover of Rs 19 lakhs in 1969, today accounts for 3.5 per cent of sales. Taparia points out that this reduction of 1.5 per cent translates to a drop from around 20 per cent of the houseware market in the sixties to as low as 3.5 per cent at present. "Today houseware accounts for sales of Rs 12 lakhs a month and industrial products Rs 80 lakhs a month," adds Taparia. "Most of the houseware products are exported to the South Eastern or Middle East countries."

The rest of SIL's turnover comes from manufacture and sale of goods for packaging and supplies to the agricultural sector. Today, packaging accounts for 35 per cent of SIL's business and the agricultural sector another 30 per cent. In fact, if Taparia's plans work out, PVC pipes and fittings (which he has been supplying to the agricultural sector) should find a market in urban areas for soil and waste systems. These systems are today acknowledged to be the second largest growth area for the plastics industry the world over.

It is possibly in anticipation of such a demand that Taparia decided to set up SIL's biggest unit at Jalgaon in 1982. This deals almost exclusively with the manufacture of pipes and pipe fittings. And, if market sources are to be believed, this activity alone is expected to fetch revenues in excess of Rs 16 crores in the current year (up from Rs 7 crores last year).

HARSH MAN RAI

Taparia: guiding SIL to supremacy

It won't be a cakewalk for Taparia though. Even if he does manage to push up sales of PVC pipes and fittings to Rs 16 crores, SIL will still remain way behind the Jains of Jalgaon. The latter's group of companies together produced over Rs 45 crores worth of PVC pipes last year. The Jains have kept up a steady onslaught on the market with more innovations than anyone else in PVC pipes. On top of that, the Jains, with their agricultural background, are well entrenched in the agricultural market for these pipes. All in all, it is going to be tough for SIL and Taparia.

Informed sources, however, do not dismiss Taparia's chances lightly. They reckon that Taparia will concentrate on sales to the government sector. The latter continues to be the largest single customer for PVC pipes — mainly for the massive irrigation projects it

Financial profile

(Rs in lakhs)

Year ended 30 June	**1984**	**1985**	**1986**
Sales	1,851	3,071	4,002
Other income	20	27	20
Total	1,872	3,098	4,022
Operating profit	231	391	543
Interest	128	165	205
Depreciation	85	112	113
Pretax profit	18	114	225
Tax	—	10	29
Net profit	18	105	197
Equity capital	54.74	54.74	94.84
Reserves	241	330	796
Loans	773	703	858
Fixed assets	645	626	1,009
Current assets	862	1,147	1,269
Current liabilities	442	689	538

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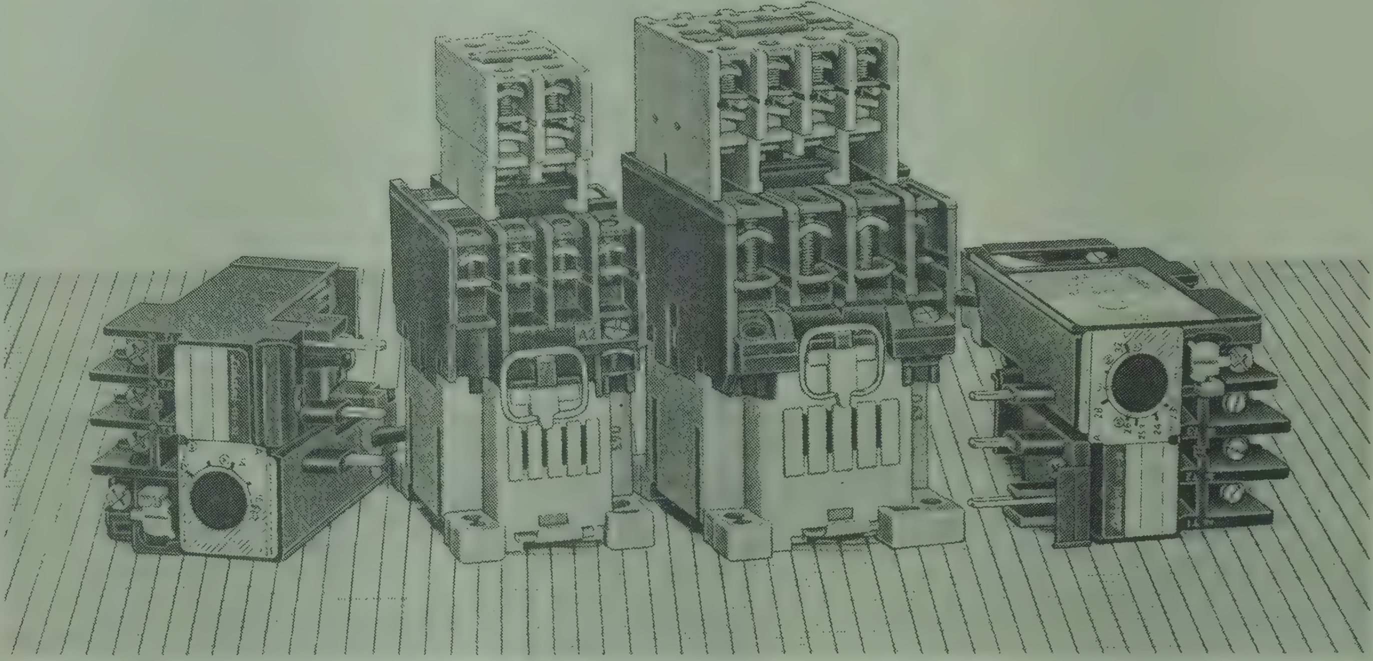

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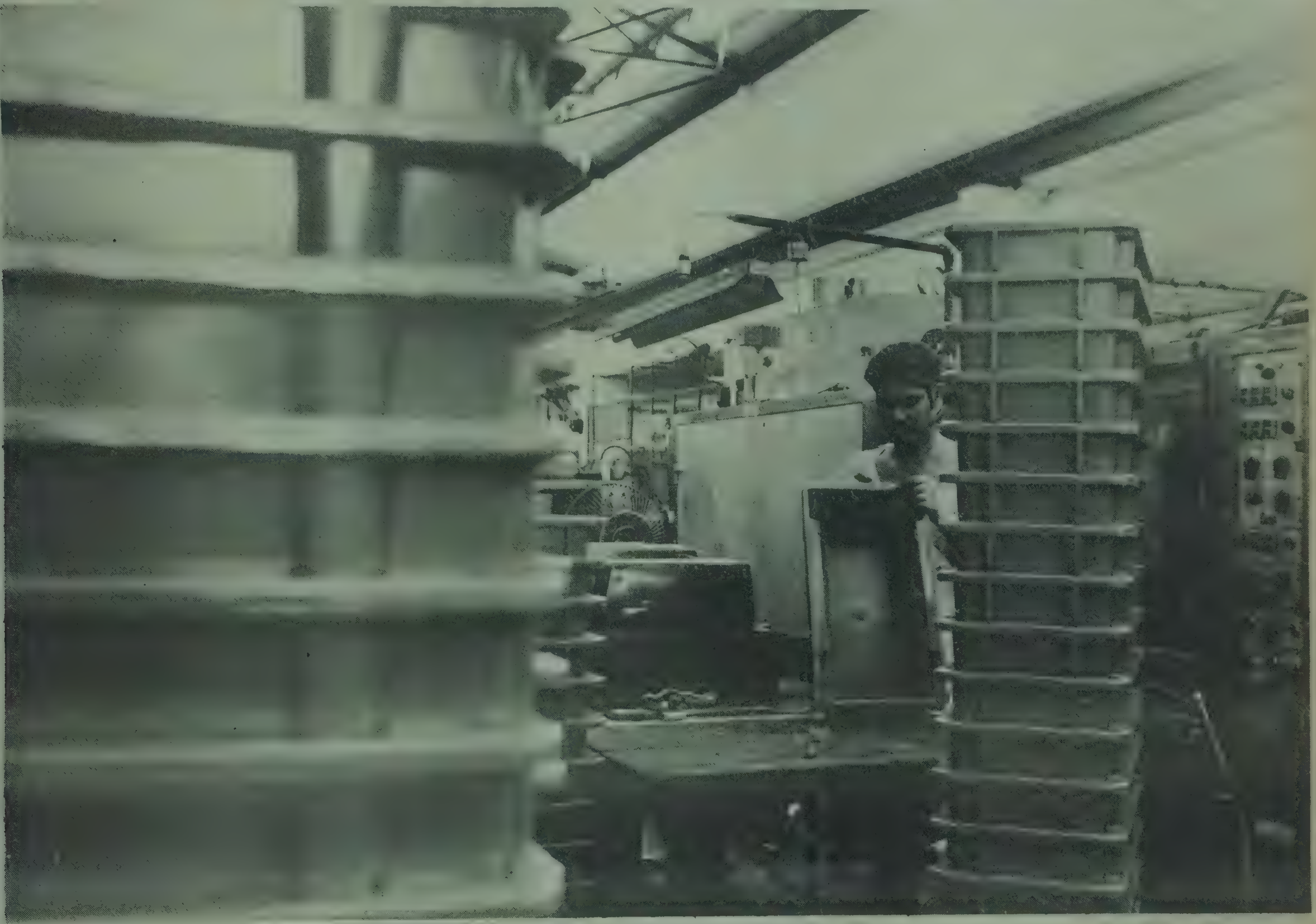
A LAKSHMI—SPRECHER + SCHUH COLLABORATION



Finished plastic crates being inspected at SIL's plant

takes up. This becomes more plausible when one realises that the Jains prefer to sell to private buyers (mostly big farmers). If, as events indicate, Taparia does exploit the government sector judiciously, SIL's investments here should do immensely well.

According to sources, SIL's rapid growth has essentially been due to two factors. Taparia's decision to concentrate more on industrial products than on houseware allowed him to have manufacturing activities in more than one location. "One problem with houseware manufacturers is that they normally have to confine their manufacturing activties to one or may be two locations," explains one such source. "Given the clandestine nature of dealing in houseware products, which are extremely. price sensitive in nature, direct control and centralised management assume crucial significance." By reducing his dependence on houseware, Taparia could expand not only in terms of volume but also in terms of location. This, in turn, helped him cater to different regional markets. While the first new unit came up in Bombay in 1973 (the original unit was in a tenanted area which was subsequently surrendered), the rest of the units were set up outside the city: at Taloja (near Bombay) in 1973, at Jalgaon in 1982 and at Noida (near Delhi) this year. This last unit is expected to give SIL added business from north based industries, particularly those from the automotive sector.

The second factor that helped SIL grow was the growth of the market for such products. As Taparia explains it, "We took over SIL at the right time. Almost immediately after we did so, NOCIL and PIL were set up thereby localising availability of HDPE. Then came Klockner Windsor (earlier known as R.H. Windsor) which made international quality plastic moulding machinery. Then came a lull. The biggest users of plastic products are the automotive, electrical, electronic and telecommunication sectors and these have grown recently, especially in the last two years. And that is why our growth too has showed a marked increased during recent years."

The first major market for SIL was, of course, the automotive sector. For instance, after working on moulds for almost one and a half years, SIL managed to make a good mould for Bajaj's M-80 scooter. Today, this is a major line of business for the company. Thereafter, SIL bagged orders for Hindustan Motors' Contessa too. "We are now making all the 29 plastic moulded parts for the Contessa and we hope to be major suppliers for Maruti Udyog as well," says J. M. Totla, general manager of SIL.

Now that SIL is setting up a plant at Noida, further possibilities and opportunities should open up. In fact, according to company sources, this unit alone is expected to achieve sales in excess of Rs 15 crores a year. Taparia, however, prefers to put it thus, "We have achieved a sales level of Rs 5 crores a month. By March 1988 I hope it will exceed Rs 7 crores a month." That, in effect, means that SIL's turnover should cross Rs 84 crores in a year's time!

What has made SIL succeed where others have failed? While Taparia maintains that it was on account of his decision to resist the temptation of depending too much on houseware, and on identifying the right product at the right time, people in the know point to other reasons. "The secret behind his success

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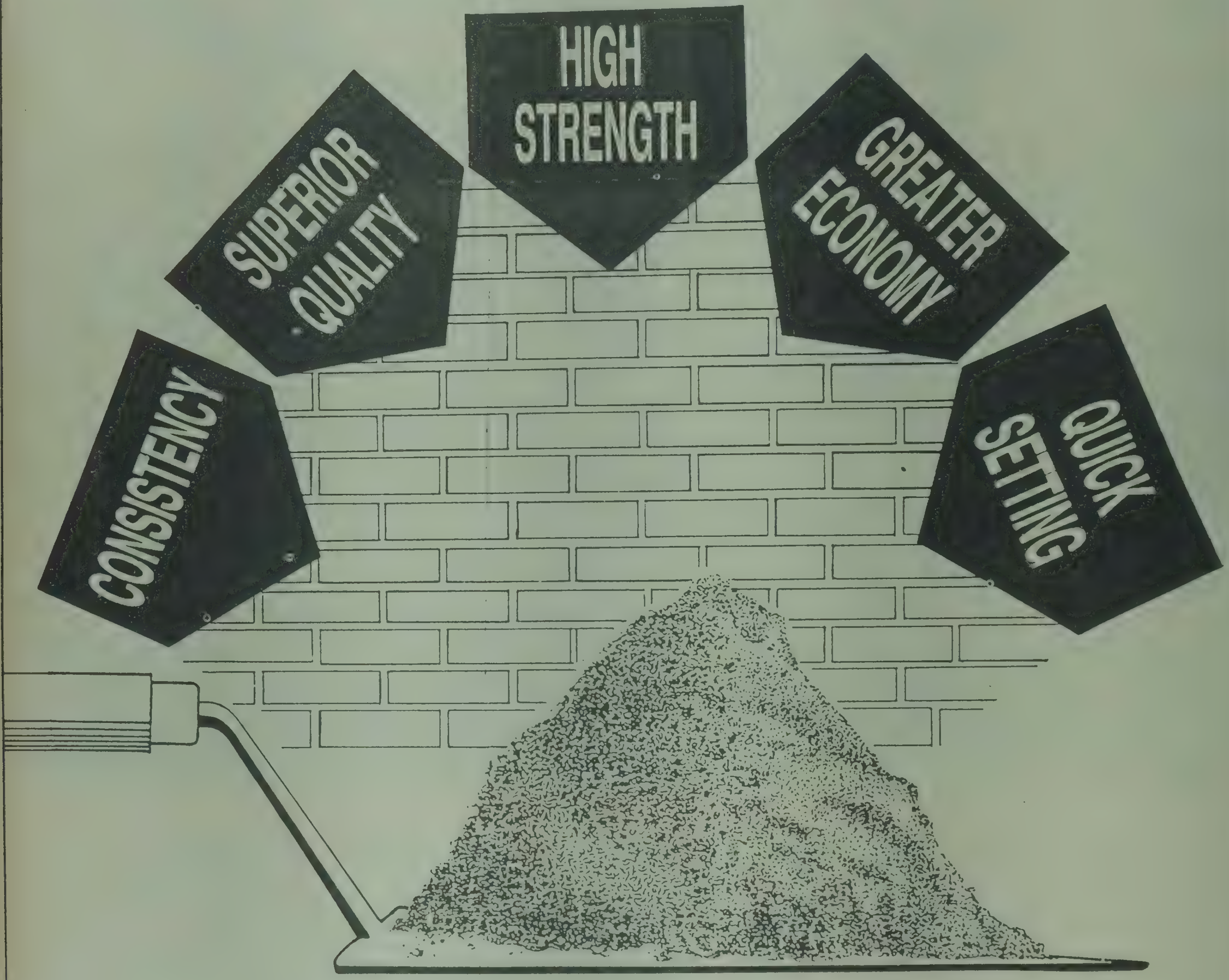
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SIL: staying away from consumer plastics... as much as possible

can be identified from two items that one almost misses when one goes through SIL's balance sheets," explains one industry source.

The first, according to the source, lies in SIL's non-manufacturing income. For instance, last year, sale of processed goods (goods purchased from elsewhere) contributed to 5.4 per cent of SIL's turnover for the year, up from 4.93 per cent in 1984-85 and 13.92 per cent in 1983-84. Similarly, materials resold (including raw material) accounted for 7.6 per cent of sales in 1986, up from 5.83 and 4.7 per cent in previous years. Sales of scrap also contributed 4.4 per cent, against 3.2 per cent and 1.8 per cent for 1984-85 and 1983-84 respectively. This, in effect, meant that over 17 per cent of SIL's turnover came from such trading activities. If competitors in this field are to be believed, the profits are substantial.

The second interesting point hinges on the fact that almost 75 per cent of SIL's consumable raw materials are imported. In fact, Taparia himself concedes that only 30 per cent of his requirement for HDPE comes from PIL, the rest is being imported. According to trade sources, this means that on 9,837 metric tonnes of raw material imported last year, at even one rupee less per kg, SIL made a saving of around Rs 1 crore. Obviously, the large volumes it purchases gives the company bargaining muscle that a smaller sized competitor would obviously not enjoy.

Both these explanations make sense. The latter more so because, unlike houseware, the manufacture of industrial packaging and agricultural products, requires a steady flow of working capital. While part of this could be met from profits from trading, the rest almost of necessity, has to come from careful monitoring and control of purchase costs. That SIL has been doing this is borne out by reports that Taparia himself keeps close tabs on all purchases, though the ultimate responsibility for production and sales is borne by his managers.

FUTURE PLANS

Taparia now apparently has plans to move out of this ball game too. Last year, he decided to float Siltap Chemicals Ltd for the manufacture of high grade multilayered laminated sheets. According to Taparia, the reason behind floating another company was to have two centres for identifying opportunities and exploiting them. Trade sources, however, put forward a different reason. "In industrial plastic goods, like packaging materials or pipes and pipe fittings, average gross margins are just around 5 and 20 per cent (thus needing very high financial gearing to ensure success through large volumes). However, the kind of product Siltap will manufacture could command margins of over 60 per cent at a pinch," says one such source.

Siltap's line of products reportedly demand a lot more attention in respect of production technology. Thus while SIL's success requires attention on purchases and sales, Siltap's would depend on production techniques, which in turn would demand a work culture different from that of SIL. This is not to suggest that SIL manufactures low technology goods — that its client list includes names like Peico, Bush, Murphy, Bajaj Auto and Hindustan Motors reinforces this point. But there would certainly be a difference.

In order to further consolidate his company's position, Taparia plans to spend over Rs 15 crores on SIL by the end of 1987. This amount will go towards modernising SIL's plant in Bombay; to manufacture specialised extruded products at Taloja. It will also be used to augment capacity for pipes and pipe fittings; and to manufacture co-extruded films and specialised industrial mouldings at its new unit near Hyderabad. Much of this investment will however go towards making extruded multilayer films and industrial plastic parts and crates at Noida and to establish SIL's R&D division at Bombay, and lastly to set up its own modern tool room at Bombay.

It is the last two that are likely to reap the richest dividends for SIL in times to come. "In fact, once we set up our tool room, we should be in a position to make all our moulds, even the large ones that are currently imported by our customers," says R. J. Shah, production manager at SIL. Shah is also confident that this tool room will run as a profit centre in a couple of years' time.

As if all this were not enough, Taparia now nurses plans to set up yet another company to manufacture 5,000 tonnes of ABS moulding powder a year. Though plans have not yet been finalised, Taparia has already received a letter of intent to manufacture the same in Maharashtra. With SIL already having proved itself, Siltap on the anvil and a third company in the offing, Taparia does seem to be heading for supremacy in industrial plastics. And that for a man who was a textile trader just two decades ago, would be no mean achievement.

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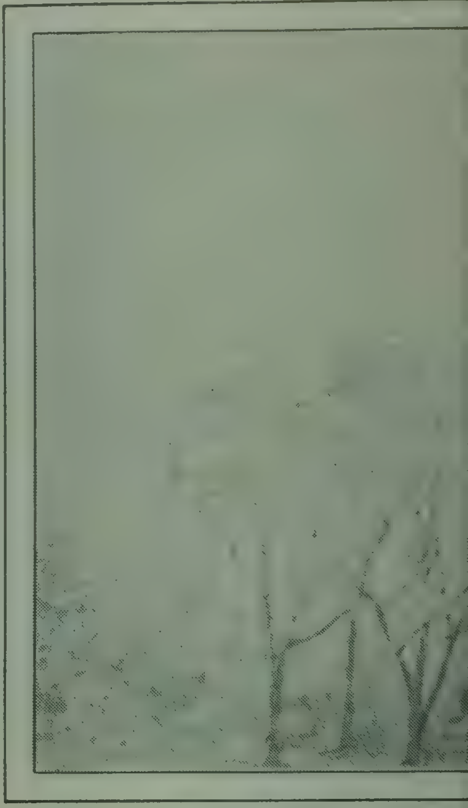

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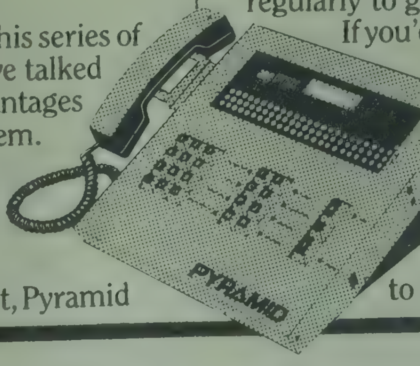

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SWEDISH COMPANIESIN INDIA

A low key presence

Compared with other multinationals, the Swedish presence in India is not large. In 1986, the ten listed Swedish companies registered a turnover of only Rs 430 crores. What is their record as far as technology transfer is concerned? Are Swedish multinationals only interested in repatriating huge profits or committed to long-term growth?

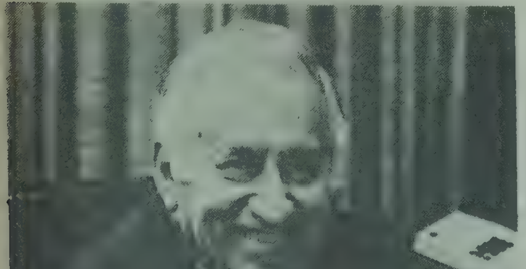
Swedish companies in India

Company	Sales* (Rs crores)
Wimco	105.40
Associated Bearings	70.00
Alfa-Laval	48.64
IDL-Chemicals	44.00
Atlas Copco	40.81
Sandvik Asia	38.50
Asea	40.00
Flakt	29.33
Facit Asia	15.05
Astra IDL	14.55

** latest available figures*

Akbar Hydari, known as the "old Sweden hand" of Indian industry, recalls an anecdote which perhaps characterises the operations of Swedish companies in India. As the honorary consul-general of Sweden in Bombay, Hydari receives several visitors from the country. One of them was a research student from the University of Uppasala, who was working on a doctoral thesis on the contribution of Swedish companies to India. He was examining whether the contribution was positive or negative and whether Swedish multinationals had a 'bad boy' image in the third world. After criss-crossing the country, visiting plants, talking to people in government and industry, and accumulating a great deal of information, the student's verdict, in Hydari's words, was: "not guilty".

Today, following the controversy over the Bofors deal, the handful of Swedish companies operating in India are in the spotlight. The Swedish presence in India is not very large compared with the American, British or West German. There are ten publicly listed companies (see table) ranging from the large Wimco Ltd (1986 sales: Rs 105 crores) to the small Astra-IDL (1986 sales: Rs 14 crores). Besides this, Swedish multinationals have approximately 160 technical collaborations with Indian companies for transfer of knowhow — ranging from perfumed tissues to explosives manufacture. Companies like Ericsson (telecommunications) and Tetrapak (aseptic packaging machinery) have emerged as major suppliers to Indian industry. And thanks to the Bofors deal, Indo-Swedish trade has increased spectacularly though the Sweden retains a comfortable trade surplus.



Hydari: the "old Sweden hand" of Indian industry

OLD INDIA HANDS

Swedish companies in India are not exactly "New kids in town". They have been around since 1923 when Swedish Match promoted the Western India Match Manufacturing Company (Wimco).

As early as 1938, Swedish Match made a public issue to the Indian public, reducing its equity stake to 51 per cent. Wimco was and still is the country's single largest match producer (though excise benefits to the cottage sector have severely undermined its position). In fact Wimco has played a significant role in persuading other Swedish companies to establish manufacturing activities in India. And Akbar Hydari, who joined Wimco in 1942 and rose to be its chairman and managing director, has been intimately involved in this process.

According to Hydari, who was Wimco's managing director between 1956 and 1973 and has been chairman since then, Wimco had two operating divisions in the early days. Its manufacturing division was spread across the country. It also had a wholly owned subsidiary, Vulcan Trading (a "little cousin of ours," says Hydari) which represented several Swedish companies in India — like Atlas Copco, Alfa-Laval, Electrolux and Sandvik.

After 1947, there was undoubtedly a need to estabish an indigenous manufacturing base. Though imports were not regulated heavily, Hydari held informal consultations with several Swedish companies and advised them to set up shop in India. The process was long drawn out and it was not until 1958 when Nehru visited Sweden with a business delegation that something concrete emerged. While Asea, the switchgear manufacturer came to India as early as 1951, as many as six Swedish companies started operations in this country between 1958 and 1964. Says Hydari, "The Swedes had a lot of high technology to offer — specialised engineering equipment, bearings, cutting tools, etc. Vulcan Trading, which was till then representing these companies, started manufacturing activities of its own."

The companies established during this period were Associated Bearings (in which SKF, Sweden, and the Tatas have an equity stake), Sandvik Asia (cutting tools), Atlas Copco (compressors and drilling equipment), Vulcan Laval (food processing equipment), Flakt (pollution control equipment), Indian Detonators (now IDL Chemicals, which manufactures explosives), and Facit Asia (typewriters). Recent additions to this list include Astra-IDL which manufactures pharmaceuticals and has also established a basic research centre in Bangalore.

In terms of size, the ten publicly listed Swedish companies in India are not very large — with combined net fixed assets of Rs 115 crores, net worth of Rs 130 crores and total sales of Rs 430 crores in 1985-86. But, as Hydari states firmly, "though their presence may be small, their contribution is not".

Swedish companies are typically in areas where volumes are not large, the technology employed is of a specialised nature and profit margins not very high. In striking contrast, the multinationals of American, British and West

German origin operating in India fare much better financially. American companies are into consumer products and pharmaceuticals and so are the British. The West Germans concentrate on chemicals and electricals — their area of expertise. The lone Swedish company in consumer products is Wmco, though high excise duties cut into its profitability.

CHARACTERISTIC TRAIT

The Swedish presence worldwide is no different. *Fortune* magazine's survey of the 500 largest corporations outside the US bears this out. Volvo, the automobile manufacturer which is the largest company in Sweden, is placed in the seventieth position in the survey and the others who made it to the list (like Ericsson, Electrolux, Saab-Scania) follow far behind. "Medium sized companies" is how the magazine sums them up, and this appears to be the characteristic trait of all Swedish companies.

So how does one evaluate the contribution of Swedish companies to India? According to Ake Janson, managing director of Sandvik Asia (1986 sales: Rs 38 crores), the market leader in cemented carbide cutting tools, it should be done on the basis of technology. "When Sandvik commenced its manufacturing activities in the early sixties," he says, "the Indian market was still nascent and import substitution was the prime objective. Indian industry has grown in stature since then and the market is demanding sophisticated tools." Janson says that since 1983, when the first CNC unit was installed in the country, customer requirements have changed dramatically. "So we decided to make major investments in plants and technology."

Sandvik's research centre, which was established in 1980 with an investment of Rs 3 crores, is working closely with the public sector Hindustan Copper and the department of science and technology. According to A. Dasgupta, director of the centre, "The metal cutting industry utilises raw materials like tungsten and cobalt which are not easily available. We are working with Hindustan Copper for extraction of cobalt from converter slag. And a pilot plant has been commissioned for recovery of tungsten from heavy alloy scrap."

The basic research centre of Astra-IDL Ltd is

Poonawalla of Alfa-Laval: all praise for the parent company

How's that for peace?

The controversy over the Bofors deal shows no signs of dying down. It has in fact gained momentum since 30 May 1987 when the National Audit Board of Sweden submitted its report to the Central Bank. Contrary to denials issued by the Indian government when the controversy surfaced in March this year, the report confirms that a sum of Rs 35 to Rs 50 crores was indeed paid to an unnamed Indian agent. Though Bofors claimed it paid the money for normal "winding up" operations, the timing of the transaction has raised doubts about this, since it came at a time when Bofors (an affiliate of the venerable Nobel Industries and one of the largest armaments manufacturers) was negotiating a Rs 1,700-crore deal with the Indian government for the supply of 155 mm howitzers.

Finest available. The Bofors 155 mm howitzer is reputed to be the finest available in the arms bazaar. It is often referred to as a fine example of Swedish craftsmanship. There is an inherent contradiction here — Sweden's socialist party which has ruled the country for 43 out of 46 years, has always been a champion of nuclear disarmament and world peace. The country's neutral status and the fact that it is not a member of the NATO alliance stand as testimony to this policy.

Yet Sweden's armaments manufacturers have done extremely well for themselves — exports between 1983-85 has been unofficially placed at $1 billion. Close on the heels of Bofors winning the huge Indian contract, another Swedish weapons manufacturer, Kockums, signed a deal with Australia for the supply of submarines. And all manufacturers have been involved in several questionable transactions with South Africa and the Middle East. As *Affarsvarlden*, the Swedish business weekly, commented, "Sweden always claims that exports are highly restrictive, and that no arms are exported to nations threatened by war or facing civil disorder. This would place most of the world 'off limits' for Swedish exports."

Sweden is perceived as being extremely sympathetic to the needs of the Third World. Unlike its neighbours to the south, like Britain and France, it has never had a string of colonies. It is also the only nation in the OECD group to have consistently contributed one per cent of its gross domestic product as aid to developing countries — a norm recommended by the UN several years ago.

An exception. As conservative Europe moves towards privatisation and major cuts in social welfare spending, Sweden remains an exception. Under socialist rule, the country is still one of the most highly taxed economies in Europe. Yet private enterprise has flourished and the government has clearly delineated the roles to be played by the private and public sectors. The state itself has played an important role in mediating between labour and management. Worker representation on the boards of companies has become common phenomenon.

Though Sweden's record in industrial relations is good, the relationship between government and industry is not free of conflict — as the heated debate over the Employee Funds demonstrates. In 1984, the Swedish government established the Employee Shareholder Funds which operates like a mutual fund. With strong backing from trade unions, one central fund and five regional funds are now in operation. Capital for the fund is generated from taxes on profits of companies and on pension fees paid by employers. This is invested in the stockmarkets and the earnings are routed to another pension fund scheme for workers. The private sector companies in Sweden have strongly opposed the fund because they fear potential takeover bids and increased control of the unions. The Employee Shareholder Funds are now actively promoting joint ventures with several companies, though intense lobbying from the private sector continues.

However, Swedish companies in India have not been very successful in their industrial relations. Sandvik Asia had a three month lockout at its Pune factory in 1984 and Vulcan Laval has been unsuccessfully negotiating for a golden handshake with the 130 workers of its now defunct foundry division. And company officials admit that management styles cannot be transplanted.

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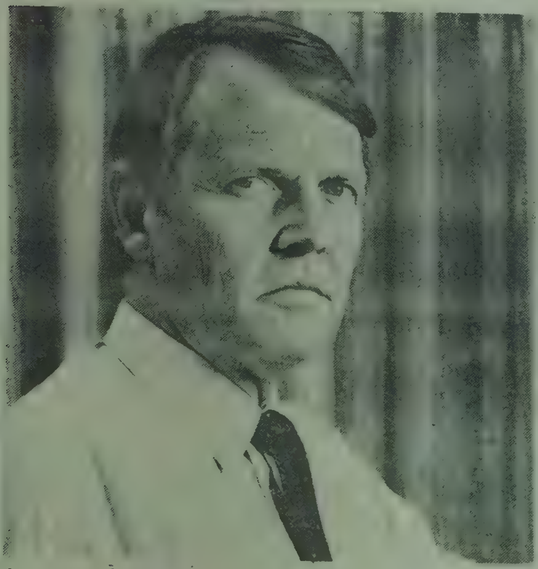

Janson of Sandvik: the 51 per cent connection helps

also "unique" in many aspects. Astra-IDL is a joint venture between IDL Ltd (where Nitro Nobel has a 40 per cent stake) and Astra of Sweden. Though the company's product mix is basically in pharmaceuticals, the parent has allocated substantial funds for research in biotechnology. The Bangalore centre has been established exclusively for research in genetic R&D — the parent company has so far limited itself to traditional chemical synthesis.

According to Astra-IDL, the research centre will initially concentrate on research in tropical diseases and illnesses and there will not be a duplication of work between the two companies. Another Swedish pharmaceutical company, Pharmacia, has a joint venture in Goa for its bio-technology products.

Vulcan Laval (now known as Alfa-Laval) came into the country when the milk co-operative movement was on the verge of taking off. Even today, over 50 per cent of the company's sales are contributed by the food processing division. Says L. F. Poonawalla, who recently took over as managing director, "The market has grown in volume, but over the past two years we have been hit by indiscriminate imports of food processing equipment which is under OGL. Our parent company has made rapid strides in developing machinery for the bio-technology industry. This will be our new thrust area."

Alfa-Laval is not the only company stuck in a period of transition. The oldest and still the largest Swedish company in the country, Wimco is struggling to reduce its dependence on match boxes which contributed a hefty 70 per cent to sales in 1986. In 1979, under the late Charan Singh's stewardship as finance minister, the excise duties on match boxes manufactured by the mechanised sector (meaning Wimco) was increased considerably in order to protect the interests of the cottage sector. Since then, Wimco's fortunes have plummeted. In 1986, the company effected a cutback in match production and has already ventured into food processing, metal anodes, systems packaging and seeds.

The Bangalore-based Asea Ltd is another company in the throes of a major expansion programme. The parent company, which also owns Flakt AB (the Calcutta based manufacturer of pollution control equipment) is a major supplier of the high voltage DC (HVDC) system for NTPC's forthcoming projects. The total order is valued at Rs 90 crores and Asea-India will be executing a portion of the contract. According to Hydari, a significant contribution of Swedish companies has been the speedier transfer of technology. "All the companies have an enviable record as far as import substitution is concerned. By and large, Swedish multinationals do not hesitate to transfer the latest technology."

The issue of technology transfer should not be viewed in isolation. It is linked to the extent of control exercised by the parent company on the Indian operations; to the Indian company's status as a FERA or non-FERA company as the latter in many cases inhibits the transfer of knowhow. Another issue is how seriously the parent company views the Indian operations — whether it is interested solely in the dividend income or whether it actively encourages major investments in expansion and diversification. Multinational companies in the Third World are often accused of flogging obsolete technology and repatriating huge profits. But among all the countries with multinationals operating in the developing countries, Sweden is perceived as being sympathetic to the Third World's needs. It is the only OECD country to have contributed one per cent of its gross domestic product as aid to developing nations.

Taking these issues into perspective, what is the track record of Swedish companies in the country?

THE FERA QUESTION

Sandvik Asia and Associated Bearings are two companies which fall under the purview of the Foreign Exchange Regulation Act (FERA). The stake of the parent company, Sandvik and SKF, in the Indian operations, is over 51 per cent. According to Janson, there are several advantages and disadvantages in being a FERA company. "With a controlling interest of over 51 per cent, the parent company can consolidate the accounts in its books," he says. "We have access to the latest technology developed by Sandvik world-wide which they would be wary of transferring if the equity stake were 40 per cent." But by virtue of its status as a FERA company, Sandvik cannot diversify into unrelated areas and cannot trade in products. However, Poonawalla of Vulcan Laval (where Alfa-Laval has a 40 per cent stake) feels that the parent company is not inhibited about transferring the latest technology. "We are able to diversify into several new areas and assistance from Alfa-Laval is always forthcoming."

Like most multinationals, Swedish companies have expatriates running their Indian operations. There are exceptions, of course, but this policy gives the impression that the parent company exercises tight control through rigid reporting systems where even normal capital investment programmes have to be cleared by head office.

Akbar Hydari disagrees with this assessment. "Compared with other multinationals, Swedish companies place a lot of emphasis on autonomy. India is regarded as a tough assignment for its international managers. There is no pressure to send in regular reports."

A senior executive of a Swedish company agrees. "We do have a yearly budget which has to be cleared by head office. But they do not lean on us heavily to deliver spreadsheets of weekly sales and production. And the five year tenure which chief executives have is more than adequate."

Is there anything as distinctive as a Swedish management culture? How different are Swedish managers from the Americans or Japanese? Says P. Krishnamurthy who recently left Wimco after a 12-year stint, "Unlike other multinationals the Swedes are not paranoid about control. They have strong democratic traditions. Criticism is invited and not held against you later."

The dividend policy of all Swedish companies in the country can at best be termed conservative. There is very little scope for repatriating substantial amounts as dividends — a practice that American companies have become renowned for worldwide. According to a banker, the Swedes appear to be more interested in a solid financial base. "High dividend payouts are not possible because all Swedish companies are in highly competitive but specialised markets. The profit margins are not high and they prefer to plough back as much as possible."

Since the Rajiv government assumed office in 1985, there is a renewed interest in Indo-Swedish relations. Sweden and India are part of the six-nation group which has initiated measures for nuclear disarmament. Several business delegates have visited the country and companies like Ericsson and Tetrapak have already established a base. A Swedish trade council office recently commenced operations in Bombay and technical collaboration agreements are definitely on the upswing. So the Bofors deal, in Hydari's opinion, is "an aberration", and will not "fundamentally" alter things for Swedish companies in India.

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Maharashtra's bitter legacy

The Maharashtra Government's new policy to restrict irrigation water to sugarcane cultivators is directed towards reducing the impact of drought in the dry areas of the state. But how far it will succeed in a state where political power has traditionally been controlled by the wealthy sugar barons, remains to be seen

Maharashtra chief minister S. B. Chavan has come in for intense criticism over his controversial new irrigation water policy. It seeks to restrict the canal water supply from new irrigation projects in the state to perennial crops like sugarcane to eight months a year as against their current year round facility. The water thus saved will be diverted to farmers in dry areas that are now susceptible to recurring droughts, to help them grow at least one staple crop a year.

This, however, does not mean that there will be any reduction in the sugarcane cultivation of the state. Says Professor H. M. Desarda, a noted expert on irrigation problems and president of the Marathwada Economic Association, "The only thing that would happen is that no farmer will be able to grow sugarcane exclusively on canal water. He has to have wells to irrigate the land during summer, when canal water is not flowing because all usable water is exhausted in the kharif and rabi seasons. This is not a case of sugarcane vs cereals but a case of optimum and just social use of water." Sugarcane accounts for less than three per cent of the cropped and about 20 per cent of the irrigated cropped area in Maharashtra, but consumes 60 to 70 per cent of the irrigation water, both surface and ground.

But Chavan's initiative was fraught with risk right from the moment it was announced in August last year. Any policy that affects sugarcane farming is anathema in Maharashtra where political power has traditionally been controlled by wealthy sugar barons. As much as half of the state's annual agricultural income comes from sugarcane, a figure that came close to Rs 1,300 crores last year. So, not surprisingly, the chief minister's detractors in the state (all of them ironically his own partymen) have not missed this opportunity to attack him.

Leading the pack, expectedly, are the two current-day stalwarts of the sugar lobby, Vasantrao Patil and Sharad Pawar. But Chavan has so far deflected these attacks in a remarkably effective manner. In a particularly hard-hitting speech in Pawar's own Pune district last month, in the presence of such senior Patil lieutenants as former co-operation minister Shivajirao Patil, Chavan termed the former two chief ministers as sugar monopolists "who would not hestitate to enslave the poor people by wielding their money power." And then went on to add, "As the head of the government, is it not my responsibility to see that what comes out of public funds is given for maximum benefit? I can't possibly concentrate on a particular area and give the whole advantage to a limited number of people rather than give extensive benefits to a larger area."

The wide publicity given to Chavan's speech forced Pawar into a corner. He claimed soon after that he had never opposed the new irrigation policy. And Shivajirao Patil, who is also the vice-chairman of the state Sugar Mills Federation, now denies that his leader Vasantdada Patil ever spoke against the policy. "In fact," he says, "Patil was the state irrigation minister in the V. P. Naik cabinet in the early seventies when the eight-month irrigation plan was first conceived." Jayantrao Bhosale, a sugar baron and the chairman of the Krishnarao Co-operative Sugar Factory, Karad, was however more forthright. He claimed in an interview that "anyone with some knowledge of sugarcane cultivation would say that this new policy would spell the doom of sugarcane crops in the command area of an irrigation project."

On the other hand there is no doubt that Chavan is playing his own political game through this water policy. He is attempting the seemingly impossible task of breaking the back of the state's sugar lobby and portraying himself as the saviour of the drought stricken. For a chief minister whose political base in the state was never known to be large, this represents an ideal opportunity to expand it by appealing to all those farmers who have felt discriminated against in the past by the largesse distributed to the sugar cane growers.

Rhetoric aside, no one thinks that it is going to be easy for Chavan to translate his policy into action. In fact, irrigation experts contend that it would be years and maybe decades before the benefits finally reach the people for whom it is intended. Says a senior engineer in the state irrigation department, "Since the policy is directed towards future projects, it can be safely said that it would be many years before the policy brings about even a marginal change in the life pattern of the drought striken. But we are expecting orders from the chief minister's office to implement it in projects already under execution. Here again the projects will have to be examined case by case, because design modification will involve tremendous expenditure and so it won't be feasible to implement the policy in every project."

There are yet many others like Vijay Paranjpe, a Pune-based irrigation-related environmentalist, who says that "the new policy is eyewash. People are convinced about its benefits at the theoretical level, but nothing is going to happen in practice, because things are so far gone now in the drought striken areas of the state that nothing that will be done is going to change their lives. Besides, most of the critical irrigation sites in the state have already been taken up, and it won't really matter if they implement the policy in the other sites or not."

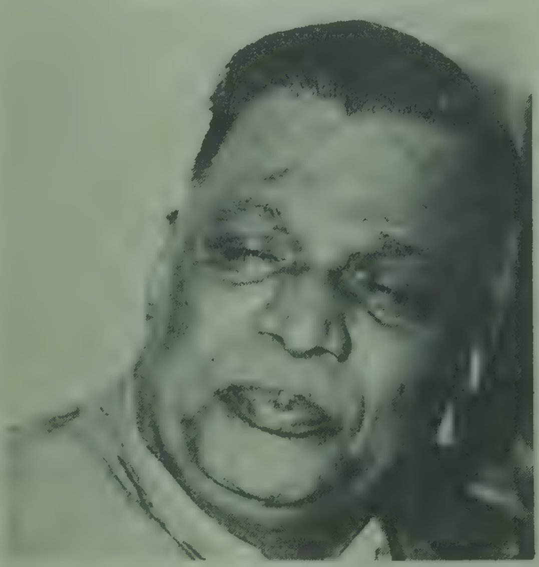
At first blush, Chavan's new policy would seem to have come about as a direct result of the three years of continuous drought in the state. But in reality the idea is as old as the state itself. Vast portions of Maharashtra have always been drought prone and things have only got worse in the last three decades. And all along, the state's irrigation experts and politicians have both known the main cause of it and the possible solutions. Sugarcane consumes almost all the irrigation water and staple crops like jowar and bajra are largely dependent on the vagaries of the rains. And when the rains fall a huge section of the population is left without anything to eat.

The state's first Irrigation Commission was appointed in 1962, just two years after its formation. And though the net irrigated area then was less than a million hectares (as against the present 2.7 million), the commission's recommendations were not very different from what Chavan is now enunciating: "It is clear that even after the full development of the available surface resources, the irrigated area (in the state) would form only about 26 per cent of the ultimate cultivated area. Nevertheless, the bulk of the cultivable area of Maharashtra is destined to remain under dry farming conditions, relieved in the main only by small areas of well irrigation wherever underground resources permit this. Not only that, the farmers located in the irrigated areas, particularly where perennial cash crops can be grown, have become far more prosperous than those outside such areas, and the canal irrigated areas and their environs have virtually become pockets of all-round prosperity. The commission, therefore, recommends that in each river basin, irrigation facilities should be spread over as large a region as possible, thereby permitting the development of pockets of prosperity all along the river course."

Numerous other committees and commissions have inquired into the cause of droughts in the state and have made similar recommendations over the years, but the state's agriculture and irrigation policy has always run a course that has managed to achieve just the opposite. Sugarcane farms expanded at a rapid pace while the farmers of jowar and bajra still relied on the rains.

More than anything else this was brought about by the peculiar pulls and shoves of Maharashtra's byzantine politics. And as is well known, sugar has been at the heart of it. By the time the state was formed in 1960, sugarcane farmers more than any of their counterparts, by virtue of their vast wealth, derived from the efficiently run sugar cooperatives were best placed to seize political power in the state. They achieved this with remarkable ease and have not let the initiative slip from their hands ever since. But in their bid to consolidate power and expand their constituency, they have left the state crippled for ever. Despite an estimated Rs 4,000 crores that have been invested on new irrigation projects in Maharashtra in the last 30 years, more people now go without drinking water than ever before. As against about 4,000 villages that did not have drinking water in 1947, the number has now risen to 16,000, according to the government's own estimates. The state has been struck by five severe droughts in the last fifteen years alone.

The sugar lobby's greatest "achievement" as the master of the state's destiny in the last 25 years has been the virtual monopoly it has been able to establish over the state's irrigation projects. Geographically speaking, its constituency of Western Maharashtra anyway should have had an edge on the other regions of the state regarding the locations of the irrigation sites. At least seven of the districts here — Pune, Nashik, Ahmednagar, Dhule, Satara, Sangli, Solapur, Aurangabad, Jalgaon, Beed and Jalgaon — lie in the shadow of the Sahyadri mountains and receive less than 400 to 600 mm of rains annually, making them the drought prone regions of the state. So it was only logical that the farmlands and the villages here be served by irrigation water But the domination of the region in terms of irrigation projects is so complete that 12 out of the 14 major irrigation projects completed in the state till 1982 are located here.


Chavan: building a political base

The result of this domination is clearly reflected in the rise in sugarcane production in the state, most of which is grown here. While the irrigated area under rabi jowar grew from 2.8 lakh hectares to 3.5 lakh hectares and of cotton from 57,000 hectares to 1 lakh hectares, the acreage under sugarcane which consumes 10 times more water shot up from 1.5 lakh hectares to 3.5 lakh hectares. Sugarcane production in the same period went up from 1.1 million tonnes to 2.8 million tonnes. The number of sugar factories in the state now total 100, as against less than 10 in 1960 and about 50 ten years ago. Says Paranjpe, "The drive all along has been to increase the production of sugar, which meant increase in the acreage under sugarcane, come what may."

Development Group, a Pune-based group of experts who were asked by the state government to conduct an in-depth study of the pattern of drought in Ahmednagar district in the last 100 years, has revealed some interesting statistics about the state's lop-sided agricultural development in their report. Ahmednagar is the largest sugarcane growing district in the state. A study of the cropping pattern here in the last 24 years reveals that 1) the area under rabi jowar, the staple crop in the area, declined by 1,23,000 hectares; 2) the area under bajra increased by 83,000 hectares; 3) the area under kharif jowar increased by 31,000 hectares; 4) the area under cotton declined by 32,000 hectares; 5) the area under groundnut decreased by 14,000 hectares; 6) the area under sugarcane increased by 34,000 hectares. Thus the decline in the area under rabi jowar, cotton and groundnut was compensated by the increase in the area under bajra, sugarcane and kharif jowar.

The irrigation pattern of the crops in the area is along these lines: sugarcane receives perennial irrigation, while the percentage of irrigated rabi jowar is 14 per cent and bajra is about 4 per cent. Says the report, "In fact rabi jowar and bajra are the two predominant crops of the district and serve as a staple food of the people and yet we find that the most critical input of water is hardly ever used for these two important crops."

This pattern is prevalent all over Western Maharashtra where most of the crop growing areas lie in the basin of the Krishna and the Godavari, two of the state's major east flowing rivers. The areas irrigated per million cubic feet of water in these two basins at 5.35 acres and 6.33 acres are consequently among the lowest in the state. As against this, in the three main river basins in the eastern and central Maharashtra — those of the Wainganga, the Girna and the Tapi — the areas are as high as 8.78 acres, 8.97 acres and 9.60 acres indicating a more equitable distribution of water here.

The Dandekar Committee, which first explored the feasibility of the eight month irrigation plan for the government in 1978 provides an interesting example of how even planned irrigable land in an irrigation project in Western Maharashtra gets reduced on account of the overdrawing of water at the upper reaches of the canals by sugarcane farmers. The canals of the Pravara river were designed to cover a culturable area of 157,000 acres, but the area actually irrigated is just 60,000 acres in the upper reaches of the canal. In the case of the left bank canal of the nearby Nira river, the culturable area is 143,000 acres, but the assured irrigation is spread over only 73,000 acres. Says the committee, "By reducing the quantity of water allocated to sugarcane and other perennials it might be possible to spread the irrigation to the entire 157,000 acres under the command of the Pravara canal and 143,000 acres under the Nira left bank canal. This would lead to the development of not pockets of prosperity, but widespread prosperity over the entire basin."

To elucidate this argument further, the committee provides a sample calculation, taking the hypothetical case of doing away with irrigation for sugarcane farms. According to the current requirement pattern for the different crops in the state, 100 acres of irrigated cropped area require annually 4,765.8 acre-inches of water. Out of this, 22 acres of sugarcane and four acres of other perennials take up 3,790 acre-inches of water (sugarcane being the largest consumer with 3,447.6 acre-inches). The balance of 975 acre-inches is used up by 74 acres of kharif and rabi seasonal crops at the average rate of 13.18 acre-inches per acre. If sugarcane and other perennials are dropped from the cropping pattern it would theoretically be possible to irrigate 361.7 acres with the same quantity of water. "In other words," says the committee, "by adopting a more extensive cropping pattern and confining irrigation to kharif and rabi seasonals, it would be possible to extend irrigation to 3.6 times of as much as the cropped area." Extrapolating this across the state level, it can be argued that as against 26 per cent of the cultivable land that can be currently brought under irrigation the figure can be raised by 3.6 times more to 93.6 per cent.

V. M. Dandekar, the noted economist who headed the three man Committee, is one of the more vociferous proponents of the eight month water policy. And Chavan recently acknowledge that he has been influenced by Dandekar's work in the field. Consequently the committee's report, which has now been mothballed for over eight years, acquires added importance. Its main stress, expectedly, is on loosening the stranglehold of the sugarcane farmers over the state's irrigation facilities and establishing "an extensive rather than intensive" irrigation pattern in the state.

Dandekar has systematically exploded a lot of myths about the sugar lobby in the state, chief among them being the fact that sugar is the most profitable crop grown in the state. Says the report, "It should be recognised that the case of a cultivator who has ample water to grow perennial crops on his entire land is relevant only under the condition when ample water is sanctioned to a few cultivators denying any to a large majority. This in a nutshell is the present policy and is responsible for the common belief that sugarcane is the most profitable crop. On the other hand, if water is distributed equitably among as many cultivators as possible, the case of the second cultivator who does not have enough water to grow perennial crops on his entire land becomes relevant. This cultivator has a limited quantum of irrigation water. Hence for him, that crop which gives maximum profits per unit of water is the most profitable." According to the committee's 1977 data, of all the agricultural produce grown in Maharashtra, the net value of the sugarcane produce per acre-inch of water at Rs 8.17 is the lowest. Compared with this, jowar and bajra are Rs 8.71 each, cotton Rs 16.87, chillies Rs 105.69, groundnut Rs 44.68, wheat Rs 8.85, rabi jowar Rs 45.06, gram Rs 38.76 and maize Rs 20.69.

Another important area where the Dandekar Committee has made extensive recommendations is in the utilisation of the ground water asset of the state. No policy exists as of now, and almost the entire investment in the pump sets and wells to draw water from the underground aquifers is private. At present there are about 10 lakh irrigation dugwells in the state and here again the vast majority of these are owned by the rich sugarcane farmers. It is estimated that out of the 3 lakh hectares of land that is currently under sugarcane only 80 thousand acres are irrigated exclusively by canal water. The remaining 2.2 lakh hectares get their water from wells, though they are all dependent for replenishment of water on canal seepage. In fact there are certain areas in the state where only well water is used for the growing of sugarcane.

The Dandekar Committee cites the instance of medium irrigation projects on the river Adhala in the Godavari basin. The total culturable command area of the project is 15,831 acres and sugarcane is not allowed to be grown on canal water here. But ingenious farmers have flourishing sugarcane farms in the area irrigated solely by well water. In fact, while the area irrigated for jowar, bajri, wheat, gram, cotton and groundnut is close to 9,530 acres in the command area, the equivalent area irrigated for sugarcane is as high as 10,548 acres. As can be seen, the rich sugarcane farmer here can afford to privately dig wells and irrigate his land. On the other hand, where canal water is not available for bajra and jowar, the relatively poor farmer cannot dig wells on account of lack of resources.

The way out, the Dandekar Committee report suggests, is to consider the surface and ground water together when deciding on the utilisation and management of irrigation water in a basin. According to the estimates of the Groundwater Surveys and Development Agency of Maharashtra (GSDA), there is further scope for digging seven lakh wells in the state. Regarding the overall policy towards the ground water, the Dandekar Committee says, "Public utilisation and management of ground water is not the immediate perspective. Hence, as long as ground water continues to be under private management, we suggest that an appropriate policy for the use of all water resources in a basin will be to confine the surface water to seasonals, except in basins where it is excessive for this purpose, and leave the irrigation of perennials exclusively to ground water."

Apart from this, the other important recommendations of the Committee include:

- Except in water surplus areas where there is very little cultivation of sugarcane, no additional canal water should be sanctioned to sugarcane.
- Immediate steps to be taken to supply water to the existing sugarcane blocks by volumetric or time measure.
- In areas where there is already excessive concentration of sugar factories, no new sugar factory should be permitted.
- Except in water-surplus areas, no existing factory should be allowed to expand its capacity.
- For all existing sugar factories, clear demarcation of areas should be made from where the factories should draw their supply of sugarcane. It is expected that in these areas additional sugarcane cultivation will develop, irrigated exclusively by ground water. As this happens, the present supply of canal water to sugarcane in these areas should be gradually reduced.
- Except in water-surplus areas, if in any area the total substitution of canal water to the existing sugarcane by ground water does not appear feasible, relocation of some of the factories in that area will have to be considered.

How many of these Chavan will finally implement remains to be seen. In his government itself there is feeling that he should proceed slowly. M. Y. Oke, chief engineer and joint secretary in the irrigation department writing on the eight month water policy in the government publication, *Lokrajya*, says that the investment in the sugar factories in the state is around Rs 1,000 crores. "For these factories to fully utilise their installed capacity, it is necessary that the sugarcane production in the state should be about 25 million tonnes. Such large investment in sugar factories may be jeopardised. If the eight-monthly supply of water is adopted in haste for the existing perennials. Hence, further, steps will have to be taken only after due deliberation. For that purpose a scheme will have to be drawn up to plan reduction in the use of water, without affecting sugarcane production in the state, by way of more economical use of water, adopting modern techniques like sprinkler and drip irrigation. It is natural, this will take a little time." But over-cautiousness on the part of government officials might prove to be too expensive for the state. According to the government's own estimates, the crop loss (bajra, jowar, oil seeds and cotton) on account of the drought in 1986-87 alone was Rs 741.63 crores, apart from which hundreds of crores were spent on relief measures. It would seem too high a price to pay for sugarcane even if it brings about Rs 1,300 crores to the exchequer every year.

But on the whole, even if his new policy does not show any immediate results Chavan can rest content over the fact he is the first chief minister in the country to have taken the first step towards an equitable water distribution policy. This will no doubt have a major bearing on the national water policy that is in the process of being finalised by a committee headed by the Prime Minister. And as Paranjpe says, "Chavan can claim credit for making people think of farm productivity in terms of per unit of water from now as against the old norm of just per unit of land."

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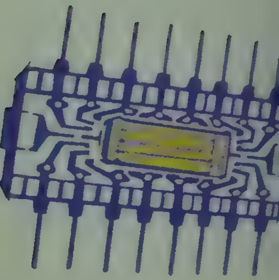

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DIRECT RESPONSE

A promising start

"Direct response is the most *accountable* form of advertising. It allows you to measure precisely what every dollar invested returns in sales and profits," says advertising guru David Ogilvy. One of the pioneers in the field, his successes with the method have spurred the growth of Ogilvy and Mather Direct Response, a division of O&M that has grown from one office in 1972 to 35 offices in 24 countries in 1986, raking in over $300 million in billings. It is now the largest direct response agency in the world.

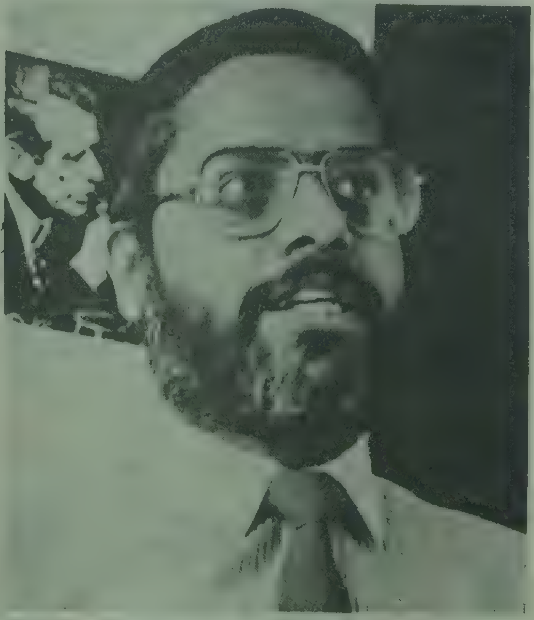
What is direct response advertising? In Ogilvy's words, "It is the sort of advertising that prompts instant consumer response. It gets people out of their chairs to make phone calls, mail coupons and write cheques. It is today the most effective medium for bringing trial, sampling, and other buying opportunities directly to those consumers most likely to buy."

Such opportunities generated sales of over $55 billion last year in the US alone. And the businesses that use DR are not just department stores, publishers and educational institutes. They include American Express (to build up its card membership), Digital Equipment and IBM (to sell computers and office supplies), TWA (to build a database of frequent travellers), GE (to sell service contracts) and a number of insurance and mutual fund companies. O&M Direct Response alone services 200 clients.

Why have these companies opted to use direct response (DR)? To start with, mass media has become extremely expensive and with so many people competing for advertising time and space, messages can get blurred. And DR uses, besides print, radio and TV, mail services and telephones. Second, both roving salespeople and retailing have also become expensive. Third, the typical mass market is on the decline and both the manufacturing and the service industry are moving towards specialised positioning. So marketing and advertising techniques that allow sellers to directly approach identified buyers are proving to be more cost effective.

In India DR has yet to make its presence felt. Reader's Digest and a couple of other publishers have successfully built up their business using DR advertising. One man who gambled with the mode some 20 years ago is Ross Deas. He sold a range of body building equipment (Bullworker, etc) entirely through mail-order and reportedly made a packet.

Over the years a number of Indian advertising agencies and manufacturers have used direct mail to get their messages and products across to consumers, but the consumer samples have usually been random. For DR to be effective it should be targeted towards a selected sample whose constituents have been identified as potential buyers.



Sridhar: demonstrating that DR works

A few agencies have done this. Bharat Dabholkar, chief executive of daCunha Associates, identified a target group of 500 very senior executives for an exclusive and very expensive brand of tea. "We had 5,000 kilos of tea to sell. We mailed leaflets describing the product and its packaging to this group. It was a sell-out," says Dabholkar. According to S. V. (Bobby) Sista, managing director of Sistas, a couple of agencies have used the Diners Club membership list to sell upmarket products and services.

But this is not a line of business that the agencies seriously pursue. The only agency that is doing this is — you guessed it— OBM But surprisingly it is the agency's Bangalore office and not its Bombay head office that is taking the lead. "That is because DR is one of my passions," says R. Sridhar, who heads OBM's branch in Bangalore. He set up a separate division to handle this specialised service. Less than a year old, it has successfully run a number of DR campaigns. The clients and businesses have differed substantially and deserve elaboration if only to bring home the scope of DR.

While the market is in its infancy for DR, OBM-DR research shows that people are willing to mail order goods if they are sure that they would get what they ordered. But there are flaws in the environment that keep agencies from paying too much attention to the technique right now

- New competition grabbed away customers from an otherwise popular Bangalore restaurant. OBM-DR culled a list of potential customers and mailed them announcements of a series of food festivals the restaurant was holding. Each of these households was then called up to enquire whether they woud like table bookings. This novel approach drew crowds.
- To help a blood bank get more blood donations, mailers were sent out to regular and irregular donors at intervals. In addition new donors names and addresses were sought and a mailer explaining why blood donation was so important went out to them.
- To help Computer Point step up sales of the Spectrum computer, OBM-DR has designed an elaborate campaign to invite customers to the store, contact them after the visit, check out if they would want any more information or a trial etc.

So while Sridhar concedes that the market is in its infancy for DR, he has and is demonstrating that he can nurse the baby along. OBM-DR research shows that people are willing to mail order goods if they are sure that they would get what they ordered and if the goods are unique and competitively priced.

Dabholkar, Sista and Noshir Desai (managing director, Karishma) agree with Sridhar that DR has enormous scope in India. But there are flaws in the environment that keep them from paying too much attention to the technique right now. The first is the problem of compiling segmented and refined mailing lists. Detailed and reliable demographic data is hard to come by. Second, managements have not yet woken up to using their sales teams effectively. DR advertising can elicit enquiries, but it is up to companies to set up systems to convert enquiries into business. As Sista points out, DR is not easy to handle. "It requires the ability to combine the science of statistics with the art of communication." Sridhar likens it to a game of chess. "You have to figure out all the possible reactions to your moves and evolve strategies to deal with all of them."

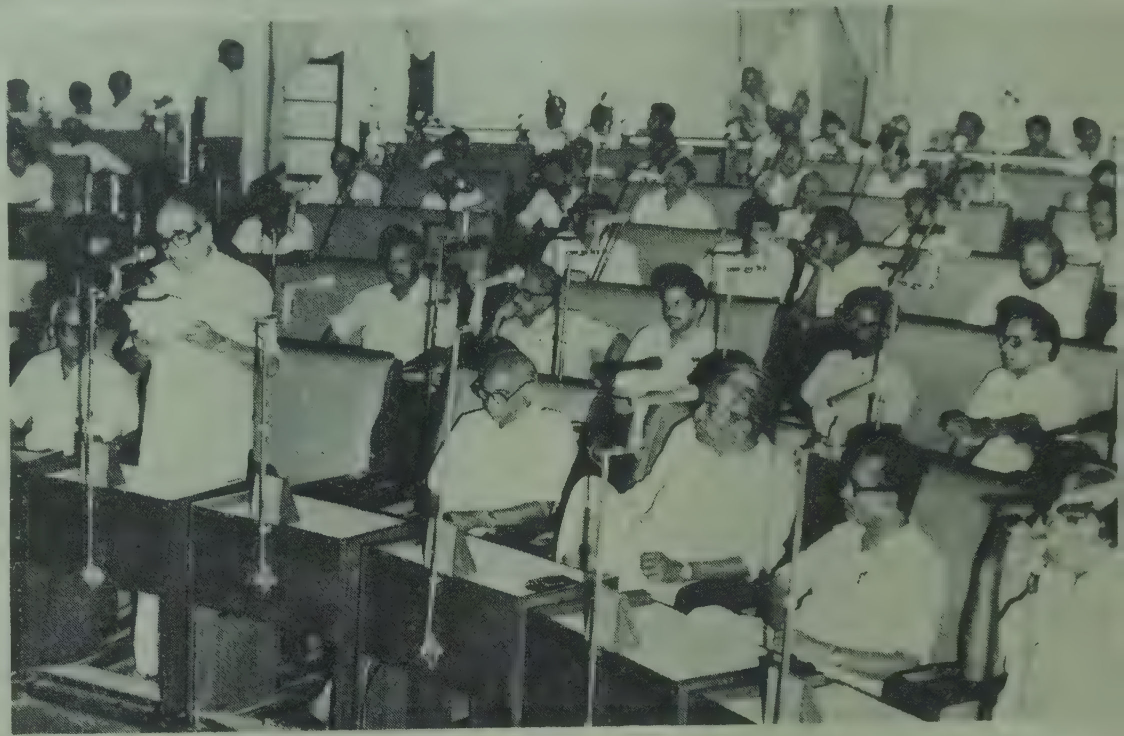
OBM has made the first big move. Other agencies are bound to directly respond to its challenge.

FIONA SHRIKHANDE

States

KERALA

Budget bungles



Menon presenting the budget: in the eye of the storm

V. Viswanatha Menon, Kerala's finance minister, used to be a lawyer. But this helped little in warding off the criticism that Menon attracted with his first budget.

No sooner had he placed the revised budget for 1987-88 on the floor of the state's assembly on 5 June than critics began to point out a series of errors in his budget speech. There were inconsistencies in some of the taxation measures announced in the Malayalam and English versions of the speech. Figures did not tally and percentage calculations were dubious. Most of the errors appeared to be printers devils, but irate opposition MLAs, spoiling for a fight, asserted that the house had been misled. Menon soon found himself slapped with a breach of privilege motion.

Menon's critics proclaimed that these mistakes had crept in because the budget had been prepared with the help of "outside" agencies, bypassing the finance department's own budget wing. Accusing fingers pointed to the renowned Centre for Development Studies, Trivandrum, as the source of Menon's leftwing advisors. (Some of them were certainly involved in helping Menon, though only in their individual capacities and not as staff members of the Centre.)

Menon, for his part, put up a very candid defence. He said that he himself was no financial expert and so had naturally consulted economists and other professionals. But, he asserted, the budget had been finally prepared in his own office and residence. Menon even announced to a flabbergasted opposition that there were actually more mistakes in his budget speech than his critics had unearthed. All these, he promised, would be corrected in the Finance Bill. After all, the budget speech, unlike the annual financial statement and the demands for grants, is not a statutory document. In his opinion, mistakes, which had occurred in the past too, should therefore be condoned.

The controversy triggered by this bungling reveals a simmering problem facing the new government: the growing schism between the bureaucracy and the left democratic front (LDF) government. Many of the budget errors were first leaked to the press reportedly by finance department officials who felt slighted of not being taken into confidence.

The government of chief minister E. K. Nayanar is certainly unhappy with the powerful bureaucracy it has inherited from the previous government of K. Karunakaran. In fact, according to a well-placed CPM source, over the next year or so, the LDF government intends to make a clean break with the existing bureaucracy and bring in officials who will not attempt to create power centres of their own.

Nevertheless, had Menon been more tactical in not alienating the bureaucracy so soon, he could have prevented his maiden budget from being drawn into this unseemly controversy. The fact is that his budget contains some innovative means for raising resources. But in the face of widespread protests and criticism he was forced to drop tax reliefs amounting to Rs 32.75 crores.

This amount includes a total withdrawal of the increase in power tariffs for high tension and extra high tension consumers. The industry's sigh of relief, however, may well be premature because Menon announced that this withdrawal was due to a high court judgment. Hence, it is possible that the rates will soon be hiked again.

Also withdrawn were the entry tax on cattle and the levy on handloom silk. The plantation tax structure has been rationalised and the new turnover tax reduced by 50 per cent. The levy on private hospitals has also been reduced, with smaller hospitals being totally exempted. These concessions have increased the deficit anticipated by end 1988 to Rs 73.15 crores. Whether, as he had declared earlier, Menon will be able to bridge the deficit "during the course of the year through economising and rationalising expenditure" is something that Keralites will eagerly watch.

K. G. KUMAR

TAMIL NADU

Power crisis continues

One of the biggest obstacles in the way of promoting a new industrial venture in Tamil Nadu today is the state's power situation. Power cuts and frequent tariff hikes have considerably harmed industrial efforts in the state.

A study was recently undertaken by the confederation of Engineering Industry (CEI, southern region) of 10 major engineering units in the state. This shows that tariff hikes are causing them an average increase in production costs at Rs 60,000 per day. On top of that, the units are facing an average production loss of Rs 18 lakhs per day due to power cuts. Since there are over 2,000 high tension (HT) units in Tamil Nadu, the total loss in the state must be staggering.

CAPTIVE GENERATION

Boxed in from all sides, many industrial units have resorted to captive power generation. While this certainly improves power availability, and therefore production flows, it pushes costs up considerably. Says D. Jayachandran, executive director of Tube Investments Ltd, "We have captive power plants in most of our factories. But this only increases our costs and eats into our profitability."

What makes things worse is that those units which have installed captive power generation capacity have not been given fiscal reliefs of any kind. Sales tax on diesel used for captive power generation is very high in Tamil Nadu. For example, Axles India, an automobile ancillary unit of the TVS group, paid over Rs 8.5 lakhs towards sales tax on the diesel it used for power generation during 1986-87. Across the state border, in Karnataka, the government has exempted sales tax on diesel used thus.

Production losses have been high. According to the CEI study, the tariff hike and power cuts since January this year have caused one of the 10 units, a steel rolling mill, to reduce production from 105 to 81 million tonnes per day. In financial terms, this amounted to a production loss of Rs 1.3 lakhs per day. Another estimate has it that the steel industry on the whole is facing cost increases of upto 25 per cent and production losses of upto 50 per cent. A container manufacturing unit is losing Rs 2.4 lakhs per day. Officials at this unit figure that voltage fluctuations occur in as many as 250 hours in a month.

EXTRA COST

Ashok Leyland, the Madras based heavy engineering unit, is now paying a power bill increased by Rs 44 lakhs per annum. Says J. Joseph, executive director of the company, "This amount is the difference between power generated and power bought. We are not in a position to increase the prices of our vehicles to offset this extra cost since the market is currently depressed."

What upsets industry particularly is that the frequent tariff hikes are almost always directed towards industry alone. The Tamil Nadu State Electricity Board (TNEB) is losing 72.13 paise per kwh on power that it is supplying to the agricultural sector. During 1985-86 this is reported to have amounted to a total of Rs 176.7 crores. Industrialists feel that they are being made to compensate for this loss and are thus upset. This could lead to a political backlash in that the industrialists can be expected to lobby against subsidies to the agricultural sector and thereby attract similar pressures from the latter.

In the past, any temporary shortfall in generation could be handled by borrowing power from neighbouring states. This option too is no longer viable since both Andhra Pradesh and Kerala, which were surplus power states till a short while ago, are now facing unprecedented shortages. And Karnataka's state is worse than that of Tamil Nadu. This has been due to failure of the monsoons over two consecutive seasons and power generation has dropped massively in the region as a whole.

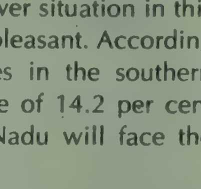
The CEI has suggested several measures to tide over the crisis. These include: efforts to increase generation and utilisation of thermal power, improvement of the quality of power generated, empowering the National Hydel Power Corporation to settle the river water disputes between states so that atleast some of the proposed hydel projects can take off the ground, and helping industry to bear the cost of captive power generation.

The prognosis of the power situation in this southern state is none too pleasant. According to estimates, all the states in the southern region will face a shortage of 14.2 per cent and among these Tamil Nadu will face the highest at 22.2 per cent.

If the planned 1,900 mw of additional power generation does become an actuality by the end of the Seventh Plan, the power situation in the state will become comfortable. But that is still on the drawing boards and the outcome could go either way. There is now a school of opinion that feels that rather than wait for all this, it would be better to develop a southern regional grid. This way, the four states could pool experience, expertise and infrastructure to come up with a balanced hydro-thermal mix. This, considering the present situation, sounds like a viable solution for a seemingly insurmountable problem.

SUSHILA RAVINDRANATH

ORISSA



ELCO slogs on

In five years of existence, the Orissa Electronics Development Corporation Ltd (ELCO) has set up only six electronics units in the state with a total investment of Rs 4 crores. The corporation owes this poor record to the maze of bureaucratic rules that have made it impossible for it to function more effectively.

Among these rules that have effected its performance, probably the worst is that ELCO has no powers to sanction loans for the projects that it agrees to nurture. Besides this, procedural delays have scared off a number of entrepreneurs who would otherwise have benefited from the facilities that it offers.

To state an example, ELCO claims that clearance for a project, atleast as far as it is concerned, is practically instantaneous. But, add to this the interminable delays for clearance from the state level technical committee (SLTC), registration with the District Industries Centre and sales tax authorities, and for sanction of the requisite loan from the Orissa State Financial Corporation or commercial banks, and it could well be a year before the entrepreneur has a going concern. Says Srinivas Rath, managing director of ELCO, "These procedural delays must be reduced by dispensing with the SLTC and finding some other suitable mechanisation for expeditious registration of electronic industries."

Despite these difficulties ELCO is going ahead with 13 new projects with a total capital investment of Rs 49 crores. These projects are expected to go into production during 1987-88, generating employment for about 2,000 people. Among these are EPABX and push button telephone projects promoted by the United Breweries group and a unit to produce Commander computers which is being promoted by a group of NRIs. For the remaining part of the Seventh Plan 29 new projects, with a capital investment of Rs 71 crores and direct employment potential for 3,000 persons, are envisaged.

SIGNIFICANT WORK

ELCO is also in the process of setting up four cooperatives for women at Puri, Bhubaneshwar and Cuttack for assembly of ancillary products for existing industries. The corporation provides quality raw materials at reasonable prices to the cooperatives. It also has a buyback arrangement with these cooperatives for their finished products.

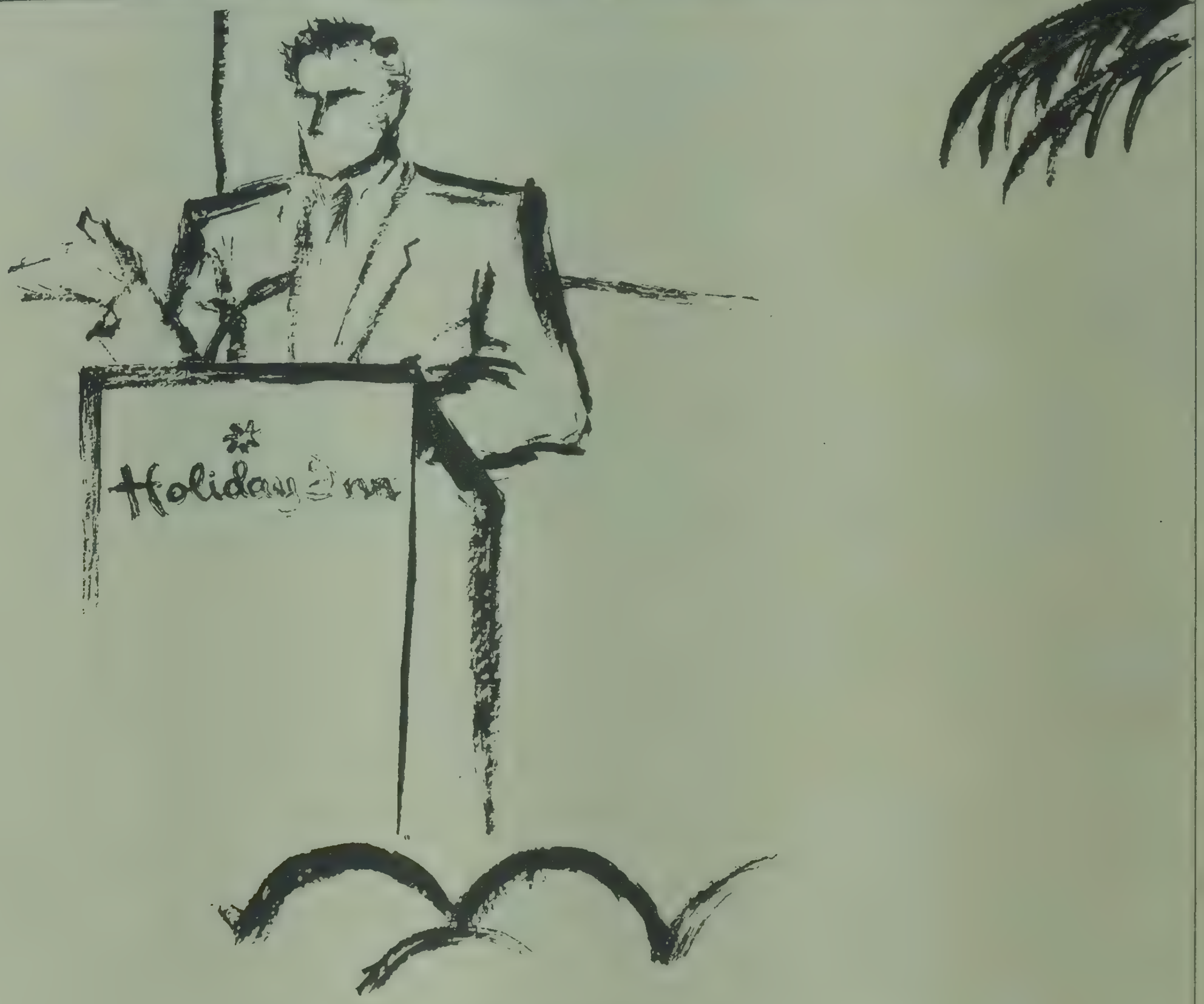
Another area where ELCO is currently doing some significant work is in constructing industrial sheds for entrepreneurs. Land for the sheds is being provided by the Industrial Infrastructural Development Corporation (IDCO). However, since these sheds do not serve well for the more sophisticated hi-tech and precision electronic products, ELCO has finalised plans for a three-storeyed building at the Mancheswar Industrial Estate. Here, 15 to 20 units can be housed temporarily till the entrepreneurs can make independent arrangements. This, it is hoped, will reduce the gestation period for a new unit by about six months and thereby reduce cost over-runs.

Besides this, ELCO has entered into an agreement with the ET&T to open a depot-cum-showroom which will store all components and kits required by the average small scale electronics entrepreneur. These will be supplied to the latter at bulk purchase prices. The corporation is currently working out buyback arrangements with some of the units it helped set up for specific finished products.

All in all, and in the face of innumerable difficulties, ELCO is now gearing up for bigger things. Whether it will do better than it has remains to be seen. But it is quite sure that it will have to have quite a lot of help from the government and other agencies.

R. L. PATNAIK

This down-to-earth executive loves taking the floor.



For him, a business conference is not just an extended holiday, however exotic the locale. It means a business decision, supported by every facility. Practical audio-visual and presentation equipment. Trained secretarial help. Perfectly designed seating and conference stationery. Punctual meals. Infrastructure that makes no excuses.

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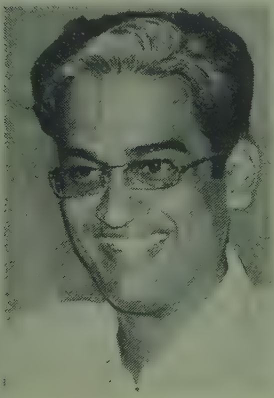
Labour by E A Ramaswamy



Researching labour

Industrial relations research is pure cloak and dagger stuff. If you seek management permission to probe the matter, the chances are that you will be treated as a muck-raker and denied access. More paradoxically, organisations want the products of labour research, but will not co-operate with the process. The very organisations which ask me to train their managers on methods of dealing with trade unionism have denied permission for research.

Social scientists elsewhere in the world not only have easier access to organisations, but also freely name them without anyone taking umbrage. In titles such as *Working for Ford, Strike at Pilkington* and *Japan in the Passing Lane,* there is much that will not please the establishment. *Japan in the Passing Lane,* for example, is a first-hand account of experience in a Toyota plant by a journalist turned seasonal worker. It will come as a surprise to those who believe that Japanese workers are happy robots toiling for the company's profit. The management of Toyota has dismissed it as a scurrilous piece of writing, but not dragged the author to court for libel.

In contrast, we are an overcautious people treating the commonplace as confidential. Managers will pass routine papers on to you, but request that the contents not be divulged. Organisations and individuals cannot be identified in research reports, so that you must think up clever pseudonyms. On the rare occasion when management permission does come forth, there is much reluctance to squarely face the findings. What little co-operation there is comes more from the unions than from management. I have now stopped asking for anybody's permission. My strategy is simply to go about *incognito*.

With this backdrop, I would trace my experiences over a quarter century to show how hostile the environment is to labour research, and how incorrigible one must be as a researcher to make any headway.

During my first expedition in 1963-65, I got nowhere near the management. My mainstay then was the middle order leadership of the union I had chosen to study. Sadly, the book I wrote on the basis of this work fell into the hands of the union's president. I knew far too much about his methods of making money, and some of this had found its way into the book. I became *persona non grata* to the union instantly. Twenty-five years later, I still have good friends in this union, but the organisation itself is out of bounds.

By the mid-seventies, I had shifted from simple trade union studies to industrial relations research. Armed with a fellowship which let me off completely from teaching responsibilities, I plunged into the first major dispute I hit upon. It was a battle royal that raged for six months. I followed the events blow by blow. I hung around with union activists, marched in processions, roamed the streets to raise funds, listened to fiery speeches by the roadside, squeezed into conciliation meetings, etc.

My attempts to befriend the management were, however, a disaster. When, after much persuasion, the personnel manager agreed to meet me, we were both put to severe embarrassment. A couple of trade unionists who were supposedly leading the strike turned up in the midst of our meetings to negotiate their price. The only help I eventually got was from the labour adviser to the group who broke the strike. During a long interview, he explained how he got round the labour minister and bought up some of the striking unions. Some six months after these events, I got a letter from a consultant who said he had been engaged by the firm to investigate why the conflict occurred. He wanted my data to trace the events!

A major project aimed at examining trade union activism across the country took me and my young colleagues to far-flung destinations. Except for one solitary organisation, management reaction ranged from rebuff to gentle dissuasion. In some cases, we were tracked down after subterranean entry, and forced to seek formal permission which was promptly denied. The management of a Hyderabad firm where I must have been invited to lecture countless times laid down impossible conditions in response to our forced request. They said that permission would be granted on condition that no one was contacted at the workplace or during working hours, no access was sought to any official papers, and the research report was cleared with them prior to finalisation.

My training activity in recent times, as also my column in *Business India,* have drawn much from this project. Managers have been appreciative of the insights generated by this work, but done little to help.

The hostility of management to research appears to grow as their policies to deal with labour become muddled. Research is seen not as an aid to better management but as an avoidable nuisance. To highlight the negativism of this approach, I would conclude my litany of woes with one last episode.

This is the most recent of my experiences, and probably also the most troubling. Some months ago, we decided to build a case on industrial relations in a large public sector enterprise. The immediate cause of our interest was the assault on a manager who caught a worker proxy punching. This was no isolated incident. A series of happenings pointed to growing tension between workers and managers. Aggrieved managers got little support from above. The management took a conciliatory line with the recognised union which seemed to border on appeasement.

The case was built through informal interviews with managers and trade unionists. It was well received in training courses, but many saw through the pseudonym. Xeroxed copies of the case had soon reached a very large number of managers in the firm. The president of the officers' association called on me. He remarked that the case had been widely read, and that managers were in full agreement with the facts, but wondered why management took no note of all this.

The management did take note, but for the wrong reasons. They were extremely unhappy that we had built a case which cast them in a poor light. The firm had an excellent public image, thanks to some good PR work. Should this image be allowed to be sullied by a mere case? The case came up for discussion by the board, which must be some kind of record. The reaction of the board was one of pain and anguish — pain not at the facts, but at being chosen as the subject of a case. Why had he picked on them? Why not some other organisation? What enmity did we have?

A member of the top management team came over to ask that the case be withdrawn. But, for what reasons? He agreed that there was no misrepresentation of facts. The complaint seemed to be that the pseudonym was too transparent, that no formal permission had been taken to build the case, and finally that the management's point of view had been kept out of it. We would include their views if only we could have them. We have changed the pseudonym, but that has not prevented identification. On the need for management permission, there can be more than one view. The organisation has decided to shut its doors to research. Strangely, what seems to hurt is not the fact of the matter which is extremely troubling, but damage to the image. That tells us something about what really matters in industrial relations. □

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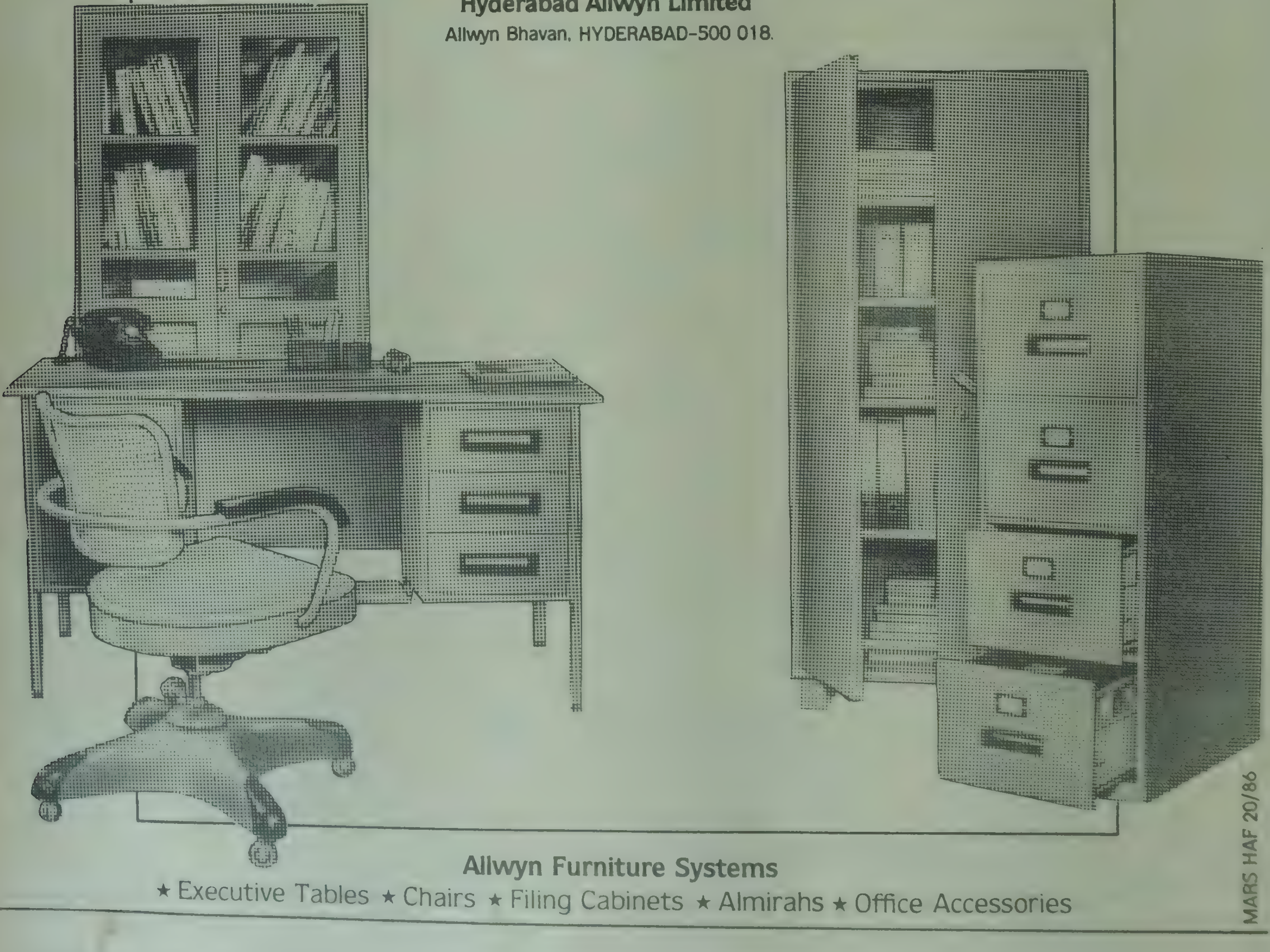

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A critique of the Japanese style

It is impossible to glance through an international business journal or scan a shelf of management books without finding paeans of praise for the Japanese management system and the miracles it has wrought. It is also *de rigueur* in the corporate circuit to sing hosannas to Japanese entrepreneurship and the country's rise to the status of an economic superstate.

In its single-minded ascent up the greasy pole of economic dominance, Japan has wiped out the British and American motorcycle industries, German and Swedish shipbuilders, West German camera companies, American television, domestic audio-equipment and fork lift makers, and the European textile industry. A country which can achieve what Japan has done compels admiration from the most blase. But is it the perfect industrial nation with infallible management systems and an ideal economic ethos? Is it simply better and more efficient in every way than the rest of the world? It is time to examine the Japanese management mystique and separate the myths surrounding it from the facts.

The myth of superior management. Management scientists would have us believe that Japan's great original contributions to management theory are: quality control systems and quality circles; *kanban* or the 'just-in-time' inventory-holding technique; enlightened personnel philosophies which treat labour as human resources, not as a cost factor; and creative marketing.

The facts are, however, at variance with this belief. All the four principles were taught to the Japanese by Americans: W. Edwards Deming was the proponent of quality control and quality circles; Jospeh M. Juran enunciated the minimal inventory theory; Peter Drucker formulated the concepts of labour as a resource, participative management and the creating of a customer by determining his or her precise need. True, the Japanese absorbed their precepts and put them to effective use. That does not, however, make them the originators.

The myth of superior innovation. Conventional wisdom proclaims that one of the causes of Japan's ability to constantly expand its market share is its genius for innovation. Here again, the facts contradict the theory. For instance, the transistor was invented by Bell Telephone Laboratories, USA; the tape recorder by Marvin Camras, USA; the video cassette recorder by RCA Research Laboratories, USA; automatic transmission came from General Motors, USA; the 35 mm camera from Carl Zeiss, Jena and Leica AG, West Germany; the quartz movement from SSIH-Assuag, Switzerland; semiconductors from Fairchild Semiconductor Co, USA and the mainframe computer from Howard Aiken, John von Neumann, Mauchly and Eckert, and commercially developed by IBM, USA.

The list could go on. Japan's unique ability lies not in invention or innovation but in 'reverse engineering', product adaptation, price control and effective commercial exploitation.

At this point, the honourable exception of Honda should be cited. This is a truly innovative Japanese company. It totally redesigned the motor-cycle and pioneered the CVCC (convex vertically controlled combustion) car engine with a built-in emission control system which eliminates the catalytic converter. The firm has been in the vanguard of Japanese automotive innovation. But it stands in solitary splendour.

The myth of the free trade system. The Japanese have for long deflected criticism of their predatory export policies by stressing that they practise free trade. To be sure, imports are not officially prohibited. The Japanese psyche would never conceive of anything so crude. Instead, protectionism is enforced in a variety of subtle ways, among which are:

- A system of graded tariffs, rising in direct proportion to the value-added component of the product. For instance, raw cocoa beans from Ghana attract a levy of 5 per cent, processed cocoa powder of 50 per cent and finished chocolate of 100 per cent.
- Certification, adaptation and ratification of manufactured goods, necessary to conform to Japanese standards. This technique has been used with devastating effect to shut out German, British and Swedish luxury-car makers.
- The virtual inaccessibility of the complex Japanese distribution system to foreign exporters; without using this network, their goods are shut out of retail outlets.
- The thwarting of foreign bids for Japanese contracts. For instance, when the Japanese decided to upgrade their telephone system, foreign bidders found two nasty surprises awaiting them. The tender forms were in Japanese. Translation revealed that every overseas bidder had to be constituted as a Japanese corporate entity. By the time the red tape was entangled, the contest was over.
- A preference shown for domestic manufacturers and acceptance of imports only until a domestic substitute becomes available. The Dai-Ichi Kangyo Bank, when upgrading its computer system, was "persuaded" to switch from IBM to Fujitsu.
- Restricting the number and operations of foreign banks in Japan to ensure that the home banks continue to direct the economic effort.
- Limiting imports to primary commodities and luxuries with no indigenous substitutes eg Scotch whisky, designer apparel, or unique international products/services.

The myth of free enterprise. Until flash point was reached recently, the Japanese onslaught on American and European markets was tolerated as it was perceived by the victims to represent the free enterprise system so dear to western hearts. The Japanese version of free enterprise, however, is far removed from Adam Smith's. It operates through a cabal comprising the Ministry of International Trade and Development (MITI) and the zaibatsu. It passes through the following four stages:

- The target product, territory and competition are identified and the model of the current market leader, eg, a Vokswagen car or a Leica camera is bought for study. It is then subjected to 'reverse engineering', or 'dissembly', to analyse the design and components and to determine how they can be modified and produced more economically.
- Protective walls are raised to shield the domestic manufacturers when the reverse engineered product is ready to roll. Exports are initially subsidised by cash grants to fund the reverse engineering operation and prototype manufacture, by low interest rates and higher domestic selling prices, so that the product, with the attraction of lower prices than the competition and backed by a selling blitz, gains acceptance in the target market.
- Once market dominance is achieved, prices are steadily lowered with progressive economies of scale until the competitor is virtually eliminated. A monopoly position estabished, prices are allowed to rise to ensure economic rates of return.

The myth of superior R&D. This may be summed up in the cynical remark that Japan's electronic R&D is done abroad, principally in America's Silicon Valley and Boston's Route 128. In short, industrial espionage replaces R&D. This statement is, of course, unkind and biased, but the fact remains that Japanese industries (Honda and Sony excepted) spend less on R&D than their western competitors. West German firms in the country's top 100 invest a median of 5 per cent of profits in R&D; in the US, the corresponding figure is 3 per cent. Japan is reported to spend only half of one percentage point of R&D! Proof of this lies in the failure of the Japanese pharmaceutical industry to produce any breakthrough drug in the last two decades. Similarly, Japan has stayed out of the modern civil aviation market. Aircraft manufacture involves massive funding for R&D, prototype manufacture, testing, tooling. The Japanese assault strategy is ill-suited for such protracted and uncertain adventures.

The myth of superior marketing. Japanese marketing is effective, persistent and innovative. But is its success unrelated to the country's exchange rate manipulation? Since over 50 per cent of Japan's exports are aimed at the US, it is obsessed with the need to peg the yen-dollar exchange rate within certain limits even if the yen has to be kept artificially devalued. No country has supported the dollar as assiduously as Japan has. This is due less to anxiety to maintain the value of its dollar investments than to protect its competitive position in the US market.

The myth of superior quality. Consider the following. Though Japanese products are built up to a certain quality, they are also built down to a certain price; this means that product perfection on the German or Swedish model cannot be achieved. Japanese products are made with a built-in, planned obsolescence to ensure regular replacement sales. Product refinements do not always represent upgraded technology, but are often only a series of rapidly whipped up cosmetic changes.

No Japanese product is an acknowledged brand leader. The best cars are still the German Mercedes, BMW, or the Porsche, depending on the buyer's needs. The best motorcycle is the BMW with four cylinders and shaft drive. The highest capability computers are made by IBM. The finest camera is the Swedish Hasselblad and the most coveted watch is the Swiss Rolex.

The myth of commercial altruism. Even hard core Japanophiles will find it difficult to defend its record on this score. The country has made little effort to cultivate developing country markets, even those lying in its sphere of influence. Japan's foreign aid is just 0.3 per cent of GDP compared with the level of 0.7 per cent recommended by the UN. Also, Japanese exports comprise mainly products with replacement potential; technology transfer or development-oriented packages rate very low priority.

The myth of total labour welfare. Japan is indisputably the industrialised nation with the most protective and paternalistic attitude to labour. However, in real terms, wages are lower than in Europe and the US. Social security and superannuation benefits also compare very poorly. Redundant shop floor workers are subject to "employment-adjustments" — a euphemism for relocation to another company in the same conglomerate, perhaps in another city.

The myth of total welfare. The current slew of management texts potrays Japan as one big happy family. Can we assume that the satellite suppliers love the *kanban* inventory system which forces them to stockpile inventories, with the resultant handling problems and interest costs? Do Japanese consumers enjoy paying higher prices for their domestic wares to subsidise exports and maintain a creaky expensive distribution system? Can the Japanese wage-earner take pleasure in footing an inflated food bill solely to sustain a vociferous and muscular farm lobby which shuts out or penalises cheaper imports? Or is the great big happy family a posed photograph?

The question is, why was Japan allowed to get away with it for so long? Perhaps it began as sympathy for a shattered country striving to better itself by the cardinal virtues of thrift and hard work. Perhaps also, Japan's 'Asian-ness' meant that the western nations could never take it seriously as a competitor; they were then overrun before they could marshal their defences. Perhaps, while Yankee brashness and Teutonic emotional insecurity, disguised as arrogance, provoke immediate resistance, Japanese courtesy and modesty evoke acceptance. Perhaps, the west saw Japan as Asia's sole bastion of free enterprise; certainly, the US rightly perceived it as its most loyal ally in the Far East. Perhaps the developed nations were reluctant to concede defeat in the export battle — protectionism, after all, is an admission of inability to compete.

What does the next decade hold in store for Japan? The portents are not good. The yen has risen sharply against the dollar. Protectionism is on the march. It is clear that the West has now realised that its tortuous trade negotiations with Japan were futile — a dialogue of the deaf. It is also clear that Japan's offers of 'voluntary trade restraints', export quotas and well publicised 'Buy Foreign' weeks are not acceptable peace offerings any more.

SLIPPERY SLOPE

The world is poised on the edge of the slippery slope down to a trade war. In such a war, Japan is extremely vulnerable. Its export range is dominated by four product categories — steel, semiconductors, automobiles and consumer electronics — which account for 80 per cent of exports. (In contrast, West Germany's exports are dispersed over 18 main products, with the largest accounting for only 12 per cent of the total.) Over half of Japan's exports go to the US, where the current yen-dollar exchange rate of about 140 makes Japanese products 40 per cent pricier than they were in 1985. This will not affect exports of consumer electronics, motorcycles, forklifts and products where monopoly positions have been established, but sales of other items like automobiles and semiconductors will slump.

What of alternative markets? Here too, the prospect is discouraging. The appreciating yen is disadvantaging Japanese products relative to exports from the newly industrialised countries of Taiwan, South Korea, Singapore and Hong Kong. Japan's earlier indifference to emerging Asian markets has made it less than welcome there now. The developing nations of Latin America and Africa are so heavily debt-burdened that they can buy only under aid arrangements, but, as we have seen, Japan is not in the aid or altruism business. The Middle East, after stabilisation of the oil price, remains a good trade prospet but is very competitive territory, especially for the lucrative mega-sized turnkey project contracts.

At home, Japan's situation is even more depressing. Its domestic economy has remained stagnant for the last seven years and internal demand has levelled off since the country hitched its star to the export bandwagon. Besides, labour costs in Japan are rising as they inevitably must with increasing prosperity. Also, the country has created enormous overcapacity in many sectors. For instance, it exports 11 million automobiles while domestic sales are only 3 million. This means that internal demand can absorb just 20 per cent of production capacity. Any significant export decline will cause a recessionary spiral and large-scale unemployment.

URGENT REFLATION

Japan has several options to deal with the looming crisis. It can re-structure its economy to reduce its export addiction. It fortunately has massive foreign reserves to ride on during the readjustment process. The domestic economy demands urgent reflation and already a package of pump-priming measures has been announced. It includes tax cuts and liberalised personal loans to stimulate demand, reduced interest rates, increased public works expenditure and emergency imports — in short, the classic formula. It can cease adversarial trading, practise complementary and competitive trading instead, and relax import controls. It can increase aid outflows since increasing prosperity in developing countries makes them better customers. It can adopt a more positive attitude to overseas manufacture and go the Swedish way to neutralise the disadvantages of rising labour costs and an appreciating currency. (Over 50 per cent of Sweden's income is earned outside Sweden.)

Of one thing we may be certain. Japan may never again walk on water as it did during the last ten years, but it will continue to walk tall. The national passion for hard work, the emphasis on group effort, the corporate discipline which places national welfare above personal need, the professional skills forged in the crucible of survival-necessity, and the resourcefulness developed in overcoming past crises will ensure that it remains a major force in the world economy. Japan has laid the ghost of deprivation and struggle. It is now a rich, secure and respected nation and should begin behaving like one.

S. V. KUMAR

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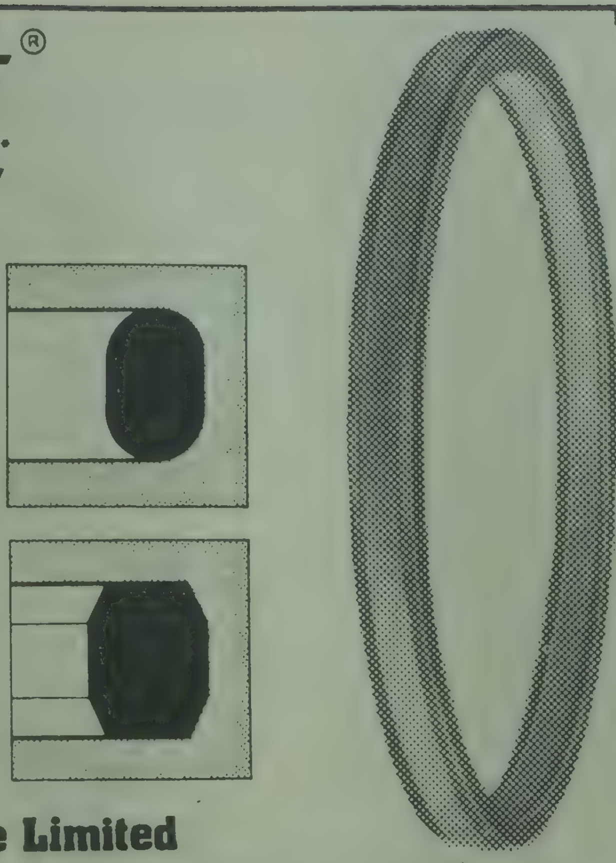

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PACKAGING

The visible persuader

Ask anyone to name which toothpaste comes in a red carton, which vanaspati in a yellow tin, which cold cream in a white jar and which tea in a red packet. And in no time you will get the names Colgate, Dalda, Pond's and Brooke Bond.

This exhibits a high level of product package identification. Most products are marketed in packaged form yet only a few have achieved strong package identification and consumer recognition. This is because most corporations treat packaging decisions as residual and fail to recognise the potent powers of packaging. Because of the low level of packaging consciousness, business managers by and large treat packaging more as a measure of product protection and less as a competitive marketing tool. In fact, only a few business executives can really spell out the difference between 'packing' and 'packaging' But the time has come for business firms to explore every avenue to establish a competitive advantage over their rivals.

Historically, packaging has passed through different stages and discharged fairly diverse functions as markets underwent a transformation. In the primitive stage of business, the word 'package' was a synonym for 'container' which was primarily used to protect the product from pilferage, exposure, spoilage, leakage, etc. Later, with the growth of markets, competition and economic activity, packaging passed through a period of product differentiation where a part of the product package was used to provide distinctiveness with the use of colours. Today, in highly competitive markets characterised by aggressive communication wars and new styles of vending, modern corporations employ packaging to perform the functions of product identification, communication and promotion simultaneously.

Brands in almost all the product categories have multiplied, leading to fierce rivalry among firms. It is time that business managers recognised the powers of packaging. A package is not just a container any more. It is a 'point of sale display', a 'moving advertisement', a 'silent salesman' and a 'public representative'. In short, an amazingly versatile weapon for the business strategist

Gone are the days when people dealt in commodities and exchanged money for basic goods and needs — food to satisfy hunger, cloth for dressing, and so on. Wants have now become product specific and even brand specific. Every purchase reflects not only the purchase of a product but of a large number of unconscious values. Nowadays, food not only has to satisfy hunger but must also fulfil other requirements — it must be convenient to buy and cook, it must look and taste good, it must create the ambience of the good life. Thus, the customer buys something more than what is tangibly bought.

Considering this, all decisions related to packaging should be taken on the basis of market research and not on the basis of arbitrary value judgements. The whole gamut of packaging-related elements — size, shape, type, colour, design, logotype and illustration of the product should be guided by the research findings. Market research should provide a list of important features or attributes that must be included in the product package as well as a list of those which must not be included. Therefore, adequate research should go into customer needs, wants, motives, habits, attitudes and impulses to find out what the customer wants and then be translated into appropriate packaging.

Packaging can enable a marketer not only to successfully market 'old wine in new bottles' but can even allow him to market whisky in the guise of Scotch. Wrapping an old product in a new innovative package may amount to an altogether new product. For instance, 'Appy, Frooti and Volfruit are more or less old products but their new tetrapack packaging has made them seem new products. In the absence of the new package, these introductions would have been in the soft drink or ready-to-drink milk market. The soft drink firms which have resorted to these packages as an addition to their product lines are likely to benefit as the product will carve its own market and at the same time compete in other market segments, displacing existing products.

A few years ago, Pond's created a new handy tube for its famous cold cream. This enhanced the company's sales both through market enlargement and greater consumption. The cream, which till then had been a dressing table item, became a 'carry along' product. The new product package changed the entire concept of cold cream from a product that could only be used once or twice a day to one that could be used at any time throughout the day. The product specifically appealed to those who had to travel.

At the sensitive moment when a customer confronts a large number of brands, the only representative of the manufacturer that is present at the time is the product package. Therefore, the product package should be devised to project the right image and initiate purchase behaviour

Another frequently applied packaging technique is economy packaging. It involves devising a product package of a bigger size. An economy pack is another way of enhancing customer satisfaction as it tends to reduce the inconvenience associated with repeat purchases and caters specifically to the needs of bulk users. Two such economy packs in the consumer goods market are Rin 250 gm and Thums Up 500.

Just the opposite strategy is that of fractional packaging devised because customer needs vary both in size and quantity. For example, the monthly consumption of toothpaste in one household may be 200 gm, in another just 50 gm. Fractional packaging involves devising fractional packages to ensure greater customer satisfaction.

Often, the inconvenience associated with using the product deters potential users from buying the product. With the help of a little technical research, such inconveniences can be eliminated. Customer convenience packaging can reduce problems in the existing market and also induce non-users to buy the product. One example of customer convenience packaging is Harpic liquid toilet cleaner. The container, with a nozzle for cleaning under the toilet bowl, eliminates the inconvenience associated with other such products. The product package has provided the company with a sound selling preposition. On the other hand, Dabur's new hair oil container tends to increase the inconvenience — with its thin base, it can tip over easily.

In unstable markets, firms can successfully employ re-usable packaging to protect and expand the market. Re-usable packaging involves designing a product package which has some usable properties or can serve some other purpose once the original product is used. Nescafé is usually sold in a glass jar that can later be used as an ordinary glass. The company usually promotes the product by inducing customers to collect a set of glasses. With advances in packaging technology, many vanaspati manufacturers have switched to plastic containers (Rath, Dalda) which can be used to store other household goods. Similarly, jams and pickles are usually sold in useful jars. Re-usable packaging is specifically useful in a market where consumers with low brand loyalty can easily be made to switch to the product whose package offers a bonus.

With improvements in packaging materials such as aluminium, plastic, laminated film and polypropylene film, a variety of useful product packages has now become possible. Refill packaging is a developing concept in India. Many products are often sold in refill packs at a concessional price as a sales promotion scheme. Refill packaging can be successfully employed to generate product consciousness among non-users (refill packs are more visible and distinctive), enhancing per capita consumption and increasing the trail rate. Products such as Bournvita, Maltova and Nescafé are offered in refill packs. Now even vanaspati (Dalda, Rath) and cooking oils are sold in refill packs.

One of the recent advances in the method of vending in India has been self-service departmental stores. At the sensitive moment when a customer confronts a large number of brands, the only representative of the manufacturer that is present at the time is the product package. Therefore, the product package should be devised to project the right image, describe the product qualities, develop confidence in the customer and initiate purchase behaviour.

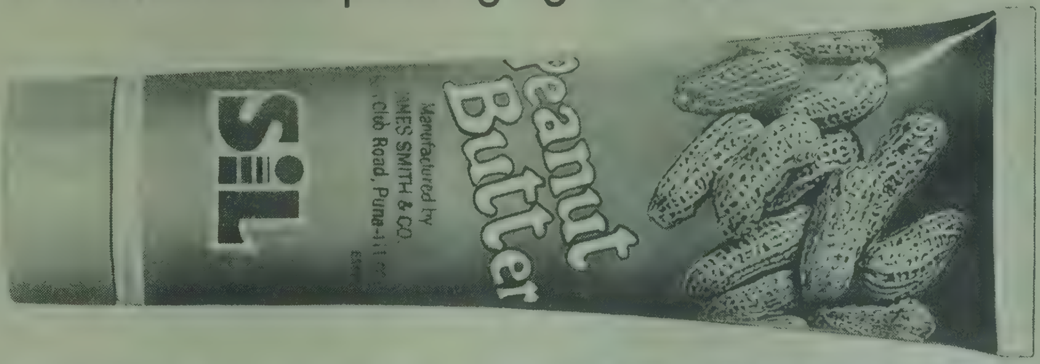
A product can be made to represent fairly diverse images (impressions held by customers) by giving its package a different shape, appearance and style. The projection of the 'right' image consistent with the product positioning and target market is essential for its success. For example, in the field of babycare items, there still remains something of the traditon of 'pink for a girl and blue for a boy'. A fine illustration of appropriate image building packaging is Nirma detergent powder. A lot of factors have contributed to the phenomenal success of Nirma and packaging is one. Positioned as the detergent for the middle class household, Nirma was packaged in a drab, transparent bag. But this undecorative and ordinary pack facilitated acceptance by projecting an image of an economical detergent highly in conformity with the target market and marketing strategy of the producer.

On the whole, the Indian market, especially the consumer goods market, exhibits a trend towards competition. Brands in almost all the product categories have multiplied, leading to fierce rivalry among firms. It is time that business managers recognised the powers of packaging which can go a long way in getting an edge over rival products. A package is not just a container any more. It is a 'point of sale display', a 'moving advertisement', a 'silent salesman' and a 'public representative'. In short, an amazingly versatile weapon for the business strategist.

HARSH V. VERMA

The author is presently doing his doctoral research on 'Market structure and economic performance: a case study of selected Indian industries' at the department of commerce, Delhi School of Economics, University of Delhi.

Which innovative packaging technology blew the lid off SIL'S conventional packaging methods?



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CONTRACT LABOUR ACT

An exercise in futility

In our vast array of statutes, it would be hard to find one that has so completely failed to meet its stated objective as the Contract Labour (Regulation and Abolition) Act of 1970. If the experience of Maharashtra in administering the Act is any indication (statistics for the country as a whole being unavailable), it might just as well not have been enacted at all. In the 15 years since the State Advisory Contract Labour Board was first constituted in August 1972, the government of Maharashtra has abolished the contract labour system in just four companies! What is worse, in every one of these cases, the government's action resulted not in the transfer of the contract workers on to the company's rolls as was intended but rather in the termination of their services.

That was in 1975. Between early 1982 and end 1986, the board, for all practical purposes, ceased to function; in fact, for an 18-month period in 1985-86, the board ceased to exist altogether.

The reason for this deplorable state of affairs is not hard to find. The rapid succession of governments (five in the last five years) has meant frequent changes in the labour ministry. As the minister of state for labour officiates as chairman of the Board, each time a new minister has been appointed, the Board has had to be dissolved and reconstituted. Its members have understandably had little time for much else. But even if this were not the case, there is reason to believe that the situation would not be any different.

The major problem, it would appear, lies in the very construct of the Act itself. As the preamble states, the Act is "to regulate the employment of contract labour in *certain* establishments and to provide for its abolition in *certain* circumstances." Section 1(4) further restricts the application of the Act to only those establishments or contractors who employ 20 or more contract workmen. Notwithstanding the government's power under the Act to extend its application to any other unit it deems necessary, these restrictions have provided employers with an easy loophole to elude the provisions of the Act. As long as the contractor claims that he employs less than 20 workmen, he is not obliged to secure a licence — nor for that matter the 'principal employer' registration — from the government.

Section 10 stipulates that the government in order to prohibit the employment of contract labour, must first satisfy itself that the work in question is integral to the business being carried on, that it is of a perennial nature and sufficient to employ full-time workmen and finally, that it is 'ordinarily done' by regular workmen. Although the Act provides that the government's determination of whether the work in question is of a perennial nature or not is final, the absence of any definition of the terms 'integral', 'perennial' or 'ordinarily done' leads to abuse and inaction.

The Act makes no provision whatsoever for the re-employment of contract workers once the contract system has been abolished in an establishment. In the absence of a mandatory provision that such workers be absorbed into the regular work force, the abolition of the contract system in effect amounts to the abolition of jobs. In the circumstances, contract workers, working even under the most inhuman conditions, have little incentive to report violations to the government. This reluctance is reinforced by the fact that the Act does not oblige the employer to maintain the *status quo* while the complaint is being investigated. Unlike the Industrial Disputes Act, which stipulates that the employer shall not vary the service conditions of any employee to his detriment during the pendency of a dispute, contract workers face almost certain dismissal if they register a complaint. And as if to underscore this distinction, the Supreme Court in *Vegoils Pvt Ltd v Their Workmen* excluded the abolition of contract labour from the jurisdiction of industrial tribunals, thus denying contract workers the protection provided by the Industrial Disputes Act.

VIOLATIONS GALORE

The practical significance of this lack of protection is apparent from the ease with which companies violate the provisions of the Act. And if only to dispel the illusion that it is only the small scale, unorganised sector that benefits from this lacunae in the Act, it would be worthwhile to examine the situation in one of the country's largest corporations, Hindustan Lever Ltd (1986 sales: Rs 715 crores).

In its Bombay factories, Hindustan Lever Limited (HLL) employs, in addition to 2,250 regular workers, around 400 workers on contract. They are employed, through 19 contractors, to perform a variety of jobs including security services, gardening, cleaning, canteen services, carpentry, painting, plumbing, etc. Over the years, HLL has gradually extended its use of contract labour to even production jobs such as fabrication and maintenance.

In December 1985, these contract workers, represented by the Contract Laghu Udyog Kamgar Union (CLUKU), lodged a complaint with the government, alleging that the company was illegally employing contract labour on jobs that it elsewhere employed regular workmen to perform; and that as this work was integral to the company's business and was also of a perennial nature, CLUKU asked the government to abolish the contract system in the company and to regularise their services. Following a visit to the company's research centre, a government labour officer, B. R. Meher, reported that HLL's contract workers were being paid wages well below the statutory minimum; he instructed the company to make good the difference as well as pay wage arrears to these workmen.

In January 1986, the union filed a complaint before the industrial tribunal, accusing HLL of unfair labour practices. CLUKU alleged that following its complaint to the government, individual workmen had been threatened with dismissal if they did not resign from the union. CLUKU asked the tribunal to pass an interim order directing the company not to alter their terms of service for the duration of the case. The union's request was granted. On 30 May, however, the tribunal vacated its interim order on the ground that as the union had failed to establish that these workmen were directly employed by HLL, it could no longer compel the company to maintain the *status quo* pending the resolution of the case.

CLUKU then filed a writ petition before the High Court praying for the same relief. On an oral undertaking by HLL counsel P. K. Rele that the company would not alter the service conditions of any of the contract workers pending the disposal of the case before the industrial tribunal, Pratap J. refused the union's plea. Three days later, on 4 June, the canteen contractor at HLL's research centre informed 18 workmen under his control that their services would be terminated by end July. On 6 June, the research centre personnel manager, A. K. Pahalkar, informed 20 watchmen of the centre that their services had been terminated as the contract between their 'employer', Expert Services Bureau, and HLL had expired. When HLL's action was brought to the court's notice on 9 June, Pratap J. immediately granted the stay and ordered that all dismissed workmen be reinstated. HLL is, however, yet to be charged with perjury.

The Contract Labour Act is to be amended in the forthcoming session of Parliament. Considering that the government is the country's largest employer of contract labour in its public undertakings, it is inconceivable that it would actually attempt to dismantle the contract labour system. Perhaps the only way the contract labour system will ever be abolished is in piecemeal fashiion, as the Maharashtra government's recent Security Guards Act has attempted to do.

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Agricultural loans

Low recovery invites stern measures

Public sector banks have granted loans aggregating about Rs 12,000 crores to farmers in the agricultural sector. This has undoubtedly played a major role in the noteworthy performance achieved by this sector over the past few years.

While both direct and indirect loans have together been rising at the rate of 20 per cent annually, direct loans have been rising at 15 per cent. Borrowal accounts, on the other hand, are growing between 10 to 11 per cent a year. Currently, there are about 18 million borrowal accounts in all. Put together, these figures are a fair measure of the magnitude of banks' loaning operations in the agricultural sector.

MAJOR PROBLEM

However, poor recovery of loans continues to be one of the major problems faced by banks making loans to the agricultural sector. At the end of June 1984, the recovery rate of agricultural loans was 51.6 per cent. This improved to 54.5 per cent by end June 1985. According to unconfirmed reports, there was a fall of 52 per cent at the end of June 1986 and it is feared that the position at the end of June 1987 would be just around 50 per cent. Over the last three years, the recovery rate has ranged between 30 to 75 per cent. Besides this, there are substantial region-wise variations. The downslide is being attributed mainly to the drought prevailing in various parts of the country.

Recently, the central government conducted a study into the reasons for poor recovery. Some of the major ones:

- An integrated approach to lending is largely absent. Credit, as an input, has to be supported by arrangements for the supply of other inputs like technological support and extension services.
- The marketing arrangements are unsatisfactory, which results in a less than reasonable return, especially to the small and medium farmers.
- The income generated is misused or diverted. This may be partly the result of inadequate supervision and partly of social and political factors, besides individual compulsions faced by the farmers.
- When a loan is sanctioned, the planning is quite often defective, particularly regarding yield, input costs and output prices.
- At the branch level, suitable or adequate staff for the efficient supervision and recovery of loans is often lacking.
- Banks find that the support extended by state governments for the recovery of overdues is inadequate.
- A substantial number of borrowers wilfully default on repayment of loans.
- Natural calamities like droughts and floods also affect recovery.

The Reserve Bank of India (RBI) has been periodically urging banks to improve recovery performance. According to a source in the banking industry, prime minister Rajiv Gandhi placed special emphasis on recovery in his meeting with the bank chiefs on 1 July. In fact, recovery is now one of the more important parameters on which the overall performance of a bank is being rated.

Accordingly, the RBI has proposed some major steps to improve recovery:

- The organisational structure, both at the controlling offices and the field level, should be strengthened.
- The approach to lending must be made schematic and balanced, keeping in view the various other inputs required to facilitate the optimum use of funds lent out.
- Pre-lending appraisal systems, post-lending supervision techniques and monitoring of credit should be toned up through improved systems and training.
- Recovery drives should be organised to coincide with harvests. Block-wise recovery campaigns should be conducted jointly with state government officials.
- Recovery cells should be created for a cluster of branches for continuous and effective supervision.

In addition to all this, NABARD has asked banks to carry out a case-by-case analysis of overdues. However, bank officials feel that considering the very large number of accounts involved, such close analysis is not practical. They think that it will probably have to be left to the ingenuity of the field staff to make the recovery, with the assistance, if any, of state government officials.

A senior bank official connected with agricultural lending operations was of the opinion that, notwithstanding the exhortations of the government, RBI and NABARD, the banks' recovery performance is unlikely to improve significantly. He feels that firstly, the issue has become politicised, and secondly — this is especially true of the small farmer — the surplus generated is just about adequate to take care of the ever-increasing cost of living.

SC/ST employees

A growing force to reckon with

The efforts made by the 28 public sector banks to increase the number of scheduled caste and scheduled tribe employees is yielding satisfactory results, judging from the latest data available.

At the end of 1985, the total staff strength of these 28 banks was 7,79,511, of which 17.44 per cent (or 1,35,969) were from scheduled castes and scheduled tribes. The figures were more or less the same at the end of 1986 and thereafter.

At the end of 1985, 8.75 per cent of the officers, 17.3 per cent of clerks and 28.8 per cent of subordinate staff belonged to the scheduled castes and scheduled tribes. The number has been slowly but steadily increasing with a faster growth in the last few years. During the period 1984-85, of the new officers, clerks and subordinate staff, 23.12 per cent, 23.23 per cent and 49.03 per cent respectively belonged to scheduled castes and scheduled tribes.

This phenomenon is however creating new kinds of strains within the banking industry. For example, in the Central Bank of India there is now an All India Central Bank Scheduled Castes Scheduled Tribes Federation. This federation, which commands a hundred per cent membership in the bank, is

Representation of scheduled castes and scheduled tribes in the public sector banks

Category of employees	Total number of employees			Number of those belonging to scheduled castes/tribes		
	1983	1984	1985	1983	1984	1985
Officers	1,71,522	1,84,675	1,98,948	11,073	13,598	17,415
Clerks	3,76,364	3,99,495	4,17,938	61,955	69,088	71,611
Sub-staff	1,47,383	1,55,342	1,62,625	39,471	42,014	46,943
Total	6,95,271	7,39,512	7,79,511	1,12,499	1,24,700	1,35,969

now demanding the right to negotiate about issues concerning its members. Besides, being a dominant cohesive group, it is said to be also seeking the position of a representative bargaining agent in general. The federation has already submitted a comprehensive charter of demands to the management.

Similar groups are emerging in various banks and, according to an experienced trade union leader of the State Bank of India, a confederation of these groups is likely to materialise soon.

Trade union leaders in the banking industry are quite worried about this development. For one, it may change the power balance in the banking industry and perhaps the composition of the leadership in the bank's trade unions as well. For another, the ideological moorings of the trade unions in the banks may be seriously displaced.

Crop insurance

Lackadaisical response

The Reserve Bank of India has found that the participation of the commercial banks in the implementation of the crop insurance scheme has been inadequate, although the government has made it compulsory to bring all the specified crop loan borrowings within the fold of the scheme.

Commencing Kharif 1985, the government introduced a comprehensive scheme of crop insurance in the event of crop failures throughout the country. The scheme covered major crops like rice, wheat, millet, oilseeds and pulses and applied to all farmers who had obtained loans from co-operative credit institutions, commercial banks and regional rural banks to raise such crops. In fact, the insurance cover was to be built in as an integral part of each crop loan.

ELIGIBLE CROPS

Initially, the scheme was implemented in 13 states with the agreement of the state governments concerned. They are Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Uttar Pradesh, Tamil Nadu, West Bengal and Gujarat. Haryana, however opted out later and so till recently, the scheme was applicable to 12 states. Now, however, Rajasthan, Jammu and Kashmir, some north-eastern states and the Union Territory of Delhi, have also come in line.

The insurance will cover 150 per cent of the amount of the crop loan disbursed for the eligible crops. The insurance premium is two per cent of the sum insured for rice, wheat, millet crops, and one per cent for oilseeds and pulses. The scheme provides for a subsidy for small and marginal farmers to the extent of 50 per cent of the insurance premium, the subsidy portion being borne equally by the central government and the state government concerned. If there is a shortfall in the actual yield of the insured crop as a result of crop failure, all the insured farmers growing that crop in the notified area will be eligible for indemnity calculated with reference to the threshold yield.

SEVERAL IRRITANTS

The scheme is operated by the General Insurance Corporation of India which acts as the leading insurer, while the state governments act as the co-insurers to the extent of 33.33 per cent.

The scheme looks quite attractive and useful but does not seem to have found ready acceptance by bankers and farmers.

On the basis of comments made by a cross-section of persons concerned with the scheme, it is observed that there are several irritants that affect its implementation.

First, the scheme does not cover all crops and the farmers are reluctant to bear the burden of the premium. Considering the liberal approach in the matter of recovery of bank loans, the farmers perhaps do not find it worthwhile to take advantage of the insurance cover.

Secondly, the scheme is quite cumbersome and there are many areas in which co-ordination among the various agencies concerned is lacking. Besides, there is a widespread feeling that payments of claims under the insurance cover would be a time-consuming process. Bankers themselves seem less than enthusiastic about the scheme. One reason may be that assessment of the crop yield will be a tricky matter, and, considering the manner in which things are managed, many bankers fear that there might be widespread misuse of the scheme. Bankers also find that farmers are unwilling to pay the premium because of the fear that determining claims will be difficult, and because the insurance is available at an incremental cost which they are averse to bearing.

Notwithstanding the cool reception, the scheme, if properly implemented, will be a great boon both to farmers and banks. The RBI has therefore urged the banks to involve themselves earnestly in the scheme and work to implement it successfully.

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Telecommunication

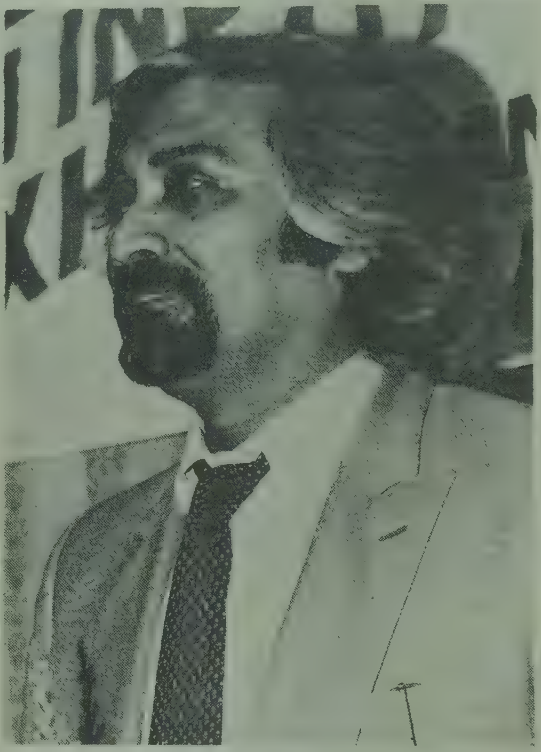
C-DoT's trials

Will C-DoT deliver the prototypes of 4000 and 5000-port (line) large exchanges by the end of 1987 as scheduled? "Certainly. There should be no problem at all. Everything is going according to schedule," says Sam G. Pitroda, the brain and moving force behind the Centre for Development of Telematics (C-DoT). He is now an adviser to this autonomous body created on 25 August 1984 to develop, in three years time, a family of digital switching system (DSS) to suit Indian conditions. This will include private automatic branch exchanges (PABX), rural exchanges (RAX), main exchanges (MAX) and trunk exchanges (TAX). All these will be made to suit a variety of configurations, ranging from 128 to 40,000 ports (P), with a commonality in components, hardware, software, packaging, special features, maintenance, etc.

Pitroda's confidence comes from the fact that commercial production of the 128-P PABX system — first in the family — has already taken off. The 128-P RAX system had performed very well in its field trials in Kittur, Karnataka, since July 1986 and is shortly to go into regular production. The first 512-P exchange (for rural and semi-urban applications) is scheduled to go on field trials at the Delhi Cantonment exchange in July 1987. But, if progress of the PABX front is any indication, it would appear that the confidence exuded by Pitroda and his enthusiastic band of young engineers is not backed by will and commitment on the part of the government.

NATIONAL MISSION

Despite the fact that a national mission for telecommunications has been launched, there are as yet no clear policy guidelines aimed at achieving its goals. Pitroda holds that the government should invest towards "building a national network based on indigenous technology, and not pockets of small networks". He says, "There is a widely held misconception that if we take one year for a 128-P system, a 512-P system would take four years, and so on. What people don't realise is that our entire strategy has been geared towards 16,000-P MAX system, besides PABX and RAX systems, right from the start. Therefore there is no reason why we should not deliver," he adds. With the 512-P exchange ready for trials — it will ultimately serve as the base module (BM) for MAX systems — the government should be clearing the passage for procuring capital equipment and parts for the manufacture of BMs and MAXs right now and manufacturers should not find themselves caught in bureaucratic hurdles, feels Pitroda.



Pitroda: crusader for indigenous capabilities

But this is not happening. Import of telecom technology continues at all levels, supported by the argument that the country's immediate demands are far greater than C-DoT could possibly meet. This not only leads to diversification of technology, and its attendant problems of standardisation, interfaces, spares, maintenance, etc, but also acts as a barrier to the indigenous efforts.

These are already evident at the PABX level. Three foreign firms — Jeumont-Schneider of France, OKI of Japan and GTE of Belgium — have technology tie-ups with over 20 diverse Indian companies for the manufacture and marketing of PABX systems in competition with C-DoT technology. There are, however, encouraging trends among Indian manufacturers to opt for C-DoT technoogy — two of the current list of 50 companies dropped their foreign tie-ups to take up C-DoT technology.

The C-DoT PABX system has been designed with six basic cards (a card is a unit with mounted electronic circuitry) and assembly oriented with components available from local ancillary industries. As for the latter, about 56 C-DoT approved component vendor networks have been established to support indigenous development — which in itself is a success story. Thus manufacturing costs are substantially lower compared to imported technology. It follows that the cost per line is also much cheaper for the customer. It is estimated at around Rs 3,000 per line, which is believed to be less than half the cost for imported equipment.

Apart from this, C-DoT claims, that its equipment is capable of working in a non-airconditioned environment, normally up to 35 deg C and for short durations up to 45 deg C at humidity ranging up to 95 per cent. This no imported equipment can boast of. There are those, however, who hold the view that some of these claims are yet to be established.

Since the technology transferred by the C-DoT — and not transplanted, as C-DoT makes it a point to emphasise — to Indian companies will be uniform, the only competition will be in terms of after sales service and maintenance. Currently, only some coder-decoder chips and relays are being imported (which are being channelised through ET&T) and hence no shortage of spares is expected. A large volume of sales of the C-DoT PABX will also give a much needed boost to the Semiconductor Complex Limited (SCL). The basic signal processor in the C-DoT system is based on an SCL product, the Rockwell 6502 microprocessor.

Despite all these advantages, a strange tendency shows up if one looks at the tenders that have been floated. It seems as if some customers — which includes government departments and public sector undertakings like the DRDO, NTPC and even the Mahanagar Telephone Nigam — have suddenly woken up to the realities of the digital marvel and are in dire need of 350-P, 500-P, 1000-P and other odd requirements which can only be met by the collaborators of foreign firms.

INDIGENOUS SYSTEM

It must be pointed out here that, first, there are hardly any private exchange requirements in the country that go beyond 200 lines. Secondly, if it is true that C-DoT's own 512-P system is just round the corner, all these customers could easily wait until this larger exchange gets produced locally. Yet the government has not been able to issue suitable guidelines to its own departments to procure C-DoT's systems to meet their requirements.

Some of the tender documents have also asked for capabilities which do not make any sense in the present Indian situation. Direct in-dialling (DID), hotlines, wide area networking (WAN), integrated services digital network (ISDN) and other such buzzwords are being used to rule out manufacturers of indigenous equipment. While some of the specifications are uncompatible with the existing telecommunication infrastructure, others can be developed easily once the basics for a more modern network are estabished. Supporters of the indigenous system say that there is no justification for placing orders with the collaborations in the face of these facts.

But, as of today, the encouragement which C-DoT requires by way of market potential does not appear to be easily forthcoming and that could become the crucial factor in its success.

N. SRINIVASAN

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GEOTHERMAL POWER

India makes a beginning

The Oil and Natural Gas Commission (ONGC) proposes to set up a 1000-kw geothermal power pilot plant in the Cambay region to harness the vast sources of geothermal energy stored in the sedimentary basins of India. This is part of the ONGC's efforts to develop non-conventional sources of energy. "In Cambay we may be sitting on a tea kettle, a potentially boundless source of energy," says one scientist working for the commission.

Geothermal energy is the heat from high pressure steam coming from within the earth — rainwater that goes into the earth is heated to 180°C and more by subterranean hot rocks. It is a renewable source of energy. The temperature in the earth's crust increases at the rate of 20 to 30°C per kilometre. Thus, at any point on the globe, temperatures of 200-300°C are encountered by drilling to a depth of 10 km. In certain favourable geological formations, these temperatures can be found at the relatively shallow depth of just 3 km.

The geothermal gradient — the rate at which temperature rises as the drilling tool goes down — is very high in the Cambay region and therefore it is felt that the chances of striking high pressure and high temperature steam here are very good. The high geothermal gradient was noted by geologists while drilling for oil and gas. Though the high temperature created many problems for drillers, it led them to suspect that the Cambay region may also be a good source of geothermal energy.

Just as the presence of crude oil and gas is indicated by seepages on the surface or slopes of hills, geothermal sources show up as hot water springs. Hot water springs with steam of up to 150°C are widely distributed over the globe and occur in many geological formations. They are caused by the deep circulation of surface water into the heated interior parts of the earth.

There are many hot water springs in India. In North India, they occur in Ladakh and Himachal Pradesh. In western India, they are found in the Cambay region of Gujarat and Maharashtra. They are also found in the Singhbum region of Bihar and in Assam. The water from a hot spring at Garampani (hot water) near Jowai in Assam is so hot in summer that rice kept in a muslin bag gets cooked in no time. In winter, villagers from adjoining villages go there to bathe and wash clothes.

Geysers: a boundless source of energy

Fifty years ago, these hot springs were believed to be mere freaks of nature. But recent explorations have revealed that this source of heat is much larger and more extensive than previously thought. Now there is evidence that these reservoirs of steam or geothermal energy are actually widespread in the earth's crust.

Bathing and cooking is not the right use of these springs. The steam should be utilised for generating electricity, heating houses in winter where necessary and for farming in green houses in cold countries.

Many countries with hot springs have realised their potential for power and heat production. Some countries like Italy, Iceland, New Zealand, the US and USSR have achieved remarkable progress in the application of geothermal energy.

However, in India, the exploration of geothermal energy did not receive serious attention till recently. In 1970, a team of geothermal energy experts from the United Nations visited a few areas where surface shows are known and recommended extensive exploration of these areas. Geophysicists then carried out gravity and heat flow measurements. Test drilling was done. As in the case of oil, there must be sufficient reservoirs of heat to deserve further work. There must be a good reservoir formed by rocks with a layer which will not permit the steam to escape underground.

The Geological Survey of India has so far identified 340 hot spring sites which can be explored as geothermal energy sources and is now planning to cover the Andaman and Nicobar islands soon. Engineers with the Geological Survey of India have commissioned an experimental I kva generator running on geothermal energy in the Puga-Chumtan area of Ladakh. This is the first production of electricity from a hot water spring in India. Electricity from geothermal power plants is expected to cost just a few paise per kilowatt.

Infra-red photography of the ground from satellites has played an important role in exploration work. Photographs of likely areas, first identified by ground inspection, are studied in depth. Airborne magnetometer studies are also very helpful. Scientists from the National Geophysical Research Institute, Hyderabad, have discovered a hot zone below Garampani.

Before the development of electricity production and transmission, heat from geothermal sources could be used on site or within a few kilometres from the site. The use was therefore limited to cooking, hot baths, heating of dwellings and hothouses and extracting chemicals like borax as is done at Larderello. The steam can also find direct application in the paper and pulp industries. But the generation of electricity and the development of deep drilling techniques have changed the situation completely.

Some geothermal fields consist of steam at a high temperature and pressure. They can be directly used for producing electricity through turbines. Such power plants can be constructed close to a geothermal field and valuable chemicals extracted from the condensed steam. Others which produce hot water can only be used for power production through the use of low temperature boiling liquids (like liquid ammonia) through a closed cycle turbine. Chemicals can also be extracted from this water.

Geothermal power plants create some environmental problems which are peculiar to them alone. The effluent from geothermal plants will be salty and may contain sodium and potassium compounds. In some cases, lithium, fluorine, boron and arsenic compounds may also be present. All these are very harmful to plant and animal life in concentrations as low as 2 parts per million. Thus the effluent from a geothermal plant cannot be discharged into existing water courses unless properly treated.

Where economic recovery of mineral constituents is possible, the revenues of a geothermal plant will be increased and presumably pay all or most of the costs of recovery. To date, there have been no air pollution problems but this may be due to the isolated nature of these projects.

G. V. JOSHI

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THE UNITED WESTERN BANK LIMITED

Statement of the Chairman Shri K.B. Damle

Excerpts from the speech delivered at the 50th Annual General Meeting of the share-holders on 24th June 1987 at Satara.

Superior customer service and constant rapport with customers will have to be the watch words for Growth of business.

Ladies & Gentlemen,

It gives me great pleasure to extend to you all a very warm and cordial welcome to the 50th Annual General Meeting of our Bank. At the outset, I wish to avail of this opportunity to express my sincere thanks to you and my colleagues on the Board for having given me an opportunity to head this Institution as Chairman at a time when the Bank was celebrating its Golden Jubilee. It shall be my endeavour to make allround development of this Bank during my tenure.

1986 was declared as Golden Jubilee Year of the Bank and the inaugural function was organised at Satara in March 1986. Golden Jubilee Functions were held at Regional Offices and all the branches of the Bank. Colourful concluding function was held at Bombay on 3rd February 1987. Honourable Shri S.B. Chavan, Chief Minister of Maharashtra was the Chief Guest. The Golden Jubilee Celebrations provided an excellent opportunity to project the Bank's image in the public.

During the year under report, 50,000 new shares were issued on a Rights Basis. The said issue received spontaneous support and was over-subscribed. The paid-up capital of the Bank, thus, went up to Rs.75 lacs. The own funds of the Bank at the end of the year went up to Rs.2.46 crores as against Rs.1.96 crores the Government and RBI desire that the Commercial Banks step up their owned funds so as to reach the level of 2% of deposits by th end of 1987. As against this, the level of our own funds stood at 0.85% at the end of 1986. It is a stupendous task involving a quantum jump. It would be extremely difficult to bridge this big gap merely through ploughback of surplus.

There are obvious limitations to increasing the equity capital, due to a relatively modest return, absence of gains out of market fluctuations and tax incentives. We would urge upon the Government/RBI to appreciate the genuine problems in attaining this within the short time frame stipulated. I would like to suggest for consideration the following measures to encourage growth of own funds viz. (i) tax incentives for making larger appropriations towards Reserve Fund, (ii) tax concessions to the shareholders for new investment in shares, (iii) some direct contribution by the Government to the equity of the Private Sector Banks without, of course, affecting the control of private shareholders.

Banking Developments

In the year 1986, the level of deposits of the Banking System crossed Rs.1,00,000 crores. There was more accent on consolidation and less on branch expansion. The banking system has attained all targets and sub-targets in the area of priority sector finance. The banking industry has recorded higher profits for 2 consecutive years. The Government made additional contribution to the tune of Rs.400 crores towards the share capital of the public sector banks for the second year in succession. The Reserve Bank of India has started taking review of performance of the private sector banks vis-a-vis their corporate goals at periodical intervals as it has been doing in the case of Nationalised Banks, at the highest levels.

Performance for the year 1986 —

Deposits — The aggregate deposits of the Bank reached a level of Rs.288.38 crores showing a rise of Rs.50.63 crores The growth rate of deposits works out to 21.30% as against the growth rate of 18.1% at the industry level and as against last year's growth rate of 16.72% of our Bank.

Advances — The total advances of our Bank stood at Rs.150.75 crores showing a growth of 19.01% during the year under report as against 7.10% registered last year.

Priority Sector Advances

Bank's advances to priority sectors increased from Rs.53.83 crores to Rs.62.25 crores ie.41.29% of the total net credit

In the area of agricultural advances, Our major thrust would be in the area of schematic lending. We have already taken up financing various schemes like Lift Irrigation, Dairy, Poultry Projects etc

The Bank will also boost financing of weaker sections and will step up advances under IRDP SEEUY and such other schemes initiated by the Government for removal of unemployment and poverty both in rural and urban areas.

The rehabilitation cell in the H.O has been strengthened during the year. We have been taking up sick units for rehabilitation and nursing after detailed scrutiny and a few of them are on the course of recovery.

Recourse to the process of law and filing of suits in a few cases for recovery of Bank's dues is, however, inevitable in the context of ever increasing business. The process of law is time consuming and the number and amount involved in suits filed by Banks has assumed a staggering proportion. There is an urgent need for special legislation and machinery for expediting the process of recovery. This will result in saving a lot of expenditure incurred in pursuing law suits and also help release and recycle substantial amounts locked up in such suits.

Customer Services —

By and large we live upto our claim of *आपुलकीनं वागणारी माणसं!* However, there is always scope to improve the quality of service. We have established six customer service cells — one at the corporate level and five at regional offices. Teller system for speedy payment to customers have been introduced at our Satara City branch. We have started holding customer meets at Head Office with a view to establish better customer rapport and understanding. We may require to introduce certain amount of mechanisation.

Branch Expansion —

We could not open any new branch during the year under report as we did not get fresh licences from the Reserve Bank of India. Recently, however, we have got licences for 9 rural centres. We also do hope to secure licences for a few urban and metropolitan centres,

Bank's Profit —

Out net profit for the year 1986 after making provisions for bonus, taxation etc. works out to Rs.33.85 lacs which is slightly higher than Rs.31.57 lacs earned in 1985.

Your Board had recommended payment of dividend at 16% subject to RBI approval. However, RBI have approved the same at 15% i.e. the same level as last year

You are aware of the recent change made by the Government/RBI in the structure of interest rates on banks deposits Government instruments and public/private sector corporation bonds. Although it is a fact that the money mobilised by the Government and public sector, ultimately comes to the Banks through business transactions, such inflows always benefit the larger public sector banks, who have a wide network of branches all over the country. A bank of our size and of a regional character, is deprived of the above benefit and has to reconcile itself to the diversion of funds to non-banking sector. With a string of incentive-packed saving instruments and wider choice, the customers of the Banks may gradually switch over partially to the better yielding investments.

This situation has created problems for increasing resources and I am afraid, Private Sector Banks will have to strive very hard even to maintain the present tempo of growth and development.

Superior customer service and constant rapport with customers will have to be the watch-words for growth of business. In addition, special packages will have to be evolved to meet the changing personal needs and preferences of the customers. I am aware that this is no mean task and will call upon us to make a definite deviation from our traditional ways of business.

One very important constraint of the Private Sector Banks is their exclusion from almost all Government business. To-day, except for ownership, there is really no distinction as regards various regulations, obligations etc. between the Private and Public Sector Banks.

As it is, there are several structural and other handicaps for the Private Sector Banks. in comparison with public sector banks.

Absence of a share in the Government business makes it rather unfair. I would request the concerned authorities in the State and Central Governments and RBI to consider this problem and enable Private Sector Banks to offer alongwith their big brothers in the public sector, banking services to various Government departments and Corporations/Statutory Bodies. Another serious problem is in the area of profitability. With the diminishing interest spread (i.e. difference between interest received and interest paid) emerging out of the various changes made recently by the RBI in interest rates on deposits and advances, banks

other avenues of income for meeting the ever increasing administrative costs. The structural rigidities under which banks operate, do not leave much room for manouverability. Large banks do have an advantage of resources and net work of branches to tap non-fund business by which they can step up their income. However, it is not so in the case of a bank like ours having relatively small resources. We shall have to strive in our own way for stepping up earnings from non-fund business for which we shall have to undertake many more non-traditional activities. We have recently got a licence for setting up a Merchant Banking Division from RBI. Unfortunately, the capital market in the country has been passing through a depressed state since last 6/7 months. However, with the steps initiated by Government for revival of the capital market and the institutional support extended. We have every hope that the market will become active and cheerful once again and this Division will soon be able to pick up good business. Suitable service packages will be formulated very soon for prospective clients. Care will be taken to extend such services to the relatively small centres where we are having well established branches and enjoy confidence of the local people.

Staff Relations —

Staff relations which were somewhat disturbed in the first half of the year were substantially normalised thereafter and the Bank could achieve the targets for the year with full cooperation of the employees, in the IInd half. I thank all the members of the Board for their active participation useful advice and suggestions.

I also place on record my sincere thanks to the customers and patrons for their unflinching support and encouragement

Thank you

K B DAMLE
Chairman

This does not purport to be the proceedings of the Annual General Meeting.

Foreign Exchange

Calm waters?

The decline in the dollar has reached a plateau. During the last few weeks the dollar made several attempts to break past the deutschemark at 1.84, against the yen at 147.50 and the Swiss franc at 1.54. So far it has succeeded in breaking through the yen 147.50 barrier but remains capped against the DM and the Swiss franc.

In a manner of speaking, a calm has descended on the markets. But, underneath this calm lies a strong anticipation of volatility. Speculators haven't had the courage to push the dollar up for fear of triggering a G-7 agreement for intervention. A few days ago, when the dollar/DM rate went above 1.84, there were rumours that the central banks had intervened. These rumours still remain unconfirmed. The Bundesbank is also reported to have sold dollars above 1.84, ostensibly to mop up excess DM liquidity from the market.

In the meantime, some fundamentals have started turning in favour of the dollar. Unemployment in the US showed an unexpected improvement from 6.3 to 6.1 per cent in June with a strong growth in non-farm employment. As manufacturing jobs showed nominal growth, the upward trend indicates a strong growth in the service sector. The question is, will this translate into higher exports?

Though US trade has shown some improvement in volume terms, there is as yet no sign of a decline in the deficit. Commentators argue that even if the deficit decreases by $10 billion, the outflow on invisibles, mainly interest on Japanese investment, will continue.

New York closing on 3 July and 19 June

	July 3	June 19
DM	1.8395	1.8315
Sterling	1.6105	1.6105
Yen	148.80	145.15
Swiss franc	153.05	152.35

Expected dollar/rupee range during second half of July

Currency	Spot range	Fwd 6 months
Dollar	7.70-7.77	10-13 cents prem
Sterling	4.76-4.79	100 prem to 50 discount
DM	14.20-14.30	38-45 pf prem
Yen	1145-1160	30-40 yen prem

The Japanese trade surplus in May showed a decline of US $740 million. This only demonstrates that the process of restoring trade balances will be painfully slow. Japanese authorities must now be taking some comfort in the fact that the yen has indeed softened a bit, not only against the dollar but also against other major European currencies. The DM has risen from 79 to 81 against the yen, whereas the sterling has risen from about 237 to 242.

But, the Japanese are sure to be in trouble again if they fail to bring about the reforms they have been promising over the last few months. However, the Japanese are shifting some of their manufacturing activities to other countries and investors are once again turning to US credit markets. Another factor which lent support to the dollar in June was the fact that the Japanese invested a record US $14 billion in US treasury bonds.

All said and done, it would still be premature to predict that the dollar's next course is definitely upwards. Even the US administration is not very sure about that. It looks as though they will be satisfied if the deficit levels at an annual rate of $1.40 billion. It is therefore felt that any sustained rise in the dollar, in the absence of lasting improvement in trade, will be looked upon unfavourably by the US administration.

All this time, when the dollar was moving in narrow ranges, the pound, which was the focus of market attention, has been highly volatile and is showing signs of recovering from its post-election gloom. There has been rapid movement in dollar/pound rates in the 1.60-1.63 range. Better interest rates in UK, one of the best growth rates in Europe, the trouble in the Gulf and the consequent rise in the oil price to US $21 per barrel are all adding to the attraction of the pound.

At home, the dollar is moving in a narrow range against the rupee — between 7.72 and 7.77 — a range expected to remain in force, thanks to the Reserve Bank of India's vigilant intervention through the pound. Forward premiums on the dollar continue to decline as exporters have finally realised the folly of trying to realise the unrealistically high premiums prevailing in the past. Importers also have finally realised the folly of paying high premiums for forward cover when the dollar was in the throes of a historical decline. Observers therefore expect forward premiums on the dollar to remain in the current range of 10 to 13 cents for about six months.

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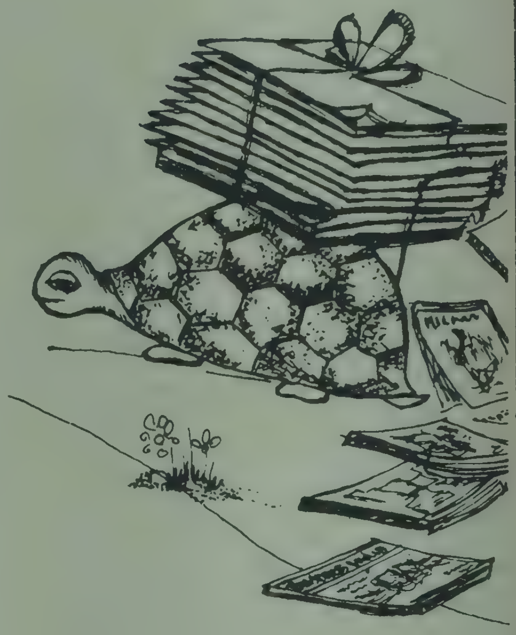

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BusinessIndia

Corporate Monitor

Hindustan Lever

Higher sales and profits; continuing dependence on soaps and detergents market; vigorous efforts towards diversification and expansion

Hindustan Lever Ltd, the country's major soaps and detergents manufacturer, has performed well for the year ended 31 December 1986. With sales (net of excise) increasing by 16 per cent to Rs 715 crores, operating profit improved by 14 per cent to Rs 90.51 crores (previous year Rs 79.46 crores). The pre-tax profit increased by 17 per cent to Rs 65.07 crores (Rs 55.56 crores). After tax, the net profit was yet higher at Rs 39.07 crores (Rs 32.56 crores). Along with an equity dividend hike by four points to 34 per cent, the company has also recommended a bonus equity issue in the ratio of one for one. This would double the equity capital to Rs 93.32 crores and the reserves would be lower than the present level of Rs 118 crores. The dividend payout of Rs 15.87 crores is one of the highest among private companies, and is covered more than twice by earnings.

All three divisions of the company registered increases in sales — soaps, detergents and processed triglycerides to Rs 533 crores (Rs 489 crores); chemicals and agriproducts to Rs 58 crores (Rs 32 crores); and exports to Rs 104 crores (Rs 98 crores). Even so, dependence on soaps and detergents is high. With price realisation on soaps increasing by 6 per cent, sales amounted to Rs 342 crores on volume of 199,793 tonnes (Rs 315 crores on 194,792 tonnes). In synthetic detergents, a 4 per cent increase in price realisation achieved sales of Rs 206 crores on volume of 139,169 tonnes (Rs 172 crores on 119,926 tonnes). However production of soaps declined to 183,325 tonnes (198,933 tonnes) and synthetic detergents moved up to 139,295 tonnes (126,718 tonnes). The new Rs 22 crore di-ammonium phosphate (DAP) plant set up at Haldia, West Bengal in 1985, produced 68,069 tonnes of DAP. Sales amounted to Rs 27 crores on volume of 65,159 tonnes.

(Rs crores)

Year ended 31 Dec	1986	1985
Sales & other income (excluding excise duty)	715.19	619.24
Excise duty	109.36	89.02
Operating profit	90.51	79.46
Interest	11.38	11.02
Depreciation	14.06	12.88
Pre-tax profit	65.07	55.56
Tax	26.00	23.00
Net profit	39.07	32.56
Equity capital	46.66	46.66
Reserves	118.56	96.15
Loans	62.89	81.47
Net fixed assets	108.08	94.34
Net current assets	119.76	129.46
EPS (%)	83.73	69.78
Dividend (%)	34.00	30.00
Market price (Rs)		
Current	168.00	
1987: High	212.00	
Low	160.00	

The composition of exports show that while traditional products, like castor oil, agriproducts and tea, declined, that of garments and marine products increased. Tea sales dropped from Rs 32 crores to Rs 21 crores, while that of marine products increased to Rs 10.62 crores from Rs 4.92 crores, and shirts and made-ups to Rs 7.30 crores from Rs 1.18 crores.

The company's margins were under pressure as raw material, power and wages costs increased substantially. Staff expenses increased to Rs 41 crores from Rs 33 crores, and power, light, fuel and water to Rs 29 crores from Rs 25 crores. Again, due to increased competition, advertising expenses were higher at Rs 17 crores from Rs 14 crores. One of the methods considered by the company to curtail costs, is by laying off excess employees. In fact the company was facing problems on the labour front with a go-slow at its Sewree unit. The company is seeking government permission to lay off excess employees.

The company has several expansion and diversification plans, and when these plans fructify, the company expects to change itself over from a large soaps and detergents manufacturer to a diversified chemicals conglomerate. A letter of intent for a 30,000 tpa toilet soap plant at Jalaun, UP, has been received, and the project is being implemented. Also under implementation is the synthetic detergents plant at Sumerpur, UP, with a capacity of 30,000 tpa. The company received approval for enhancing the installed capacity of its synthetic detergent units at Chhindwara and Bombay. Two leased undertakings, Union Home Products and Stefan Chemicals have applied for expansion in detergent capacity and approval for setting up a hybrid seeds unit in AP, with a capacity of 20,000 tpa, has been received

Hindustan Lever is leasing a marine products plant at Kanyakumari and three garment units in Maharashtra to undertake production for exports. In the meantime, the company is implementing the letter of intent for garments and made-ups in the Madras Export Processing Zone. The company disinvested its 42 per cent equity stake in Sharpedge Ltd during the year.

Colgate

Good performance; 1:1 bonus issue; taxation absorbs 66.8 per cent of profits

In a year when most companies have performed poorly, Colgate-Palmolive (India) Ltd stands out as an exception. The company has a reputation for paying high taxes and is extremely liberal in distributing profits and bonus issues. Luckily for shareholders (which includes Colgate-Palmolive Inc), the company has been able to maintain its reputation during the year ended 31 December 1986. Taking the final dividend of 10 per cent, the total works out to an impressive 52 per cent. And a bonus isue of 1:1 will double the equity capital to Rs 15.72 crores in 1987.

The good news does not end here as sales and profitability have registered smart increases. Colgate is a market leader in dental products (toothpaste and toothpowder), but in the absence of hard data it is impossible to

(Rs crores)

Year ended 31 Dec	1986	1985
Sales and other income	163.52	126.53
Excise duty	23.96	14.52
Operating profit	30.90	22.71
Interest	—	—
Depreciation	0.42	0.34
Pre-tax profit	30.75	22.37
Tax	20.54	15.06
Net profit	10.21	7.31
Equity capital	7.86	7.86
Reserves	14.24	8.11
Loans	—	—
Net fixed assets	4.20	[illegible]
Investments	6.59	1.89
Net current assets	11.30	[illegible]
EPS (%)	129.18	93.13
Dividend (%)	52.00	40.00
Market price (Rs)		
Current:	347.50	
1987: High	391.25	
Low	327.50	

calculate tonnages and sales realisation of individual products. Toothpaste manufacture is reserved for the small scale sector and Colgate is unable to expand capacity officially. The other products, shaving cream and toilet soap, only make minor contributions.

Sales have moved up by 29 per cent from Rs 125.22 crores to Rs 162.04 crores. The operating profit is higher at Rs 30.90 crores (Rs 22.71 crores) and the depreciation charge is a marginal Rs 42 lakhs (Rs 34 lakhs). Colgate has no borrowings and the pre-tax profit is a comfortable Rs 30.75 crores (Rs 22.37 crores). Colgate has paid a massive 66 per cent of pre-tax earnings in taxes — Rs 20.54 crores in 1986 compared to Rs 15.06 crores. Out of the net profit of Rs 10.21 crores (Rs 7.31 crores) the proposed dividend absorbs Rs 4.09 crores.

Two new products were launched during the year — a fluoride toothpaste and a premium soap. The latter is manufactured for the company by Godrej. Colgate has added Rs 1.24 crores to the gross block and also invested Rs 6.59 crores from its surplus funds in units. There is a steep increase in the advertising budget from Rs 5.13 crores to Rs 7.64 crores, but it is still less than 5 per cent of sales. The directors have not commented on the company's prospects for the current year. But as long as Colgate maintains its formidable presence in the toothpaste market, its position is comfortable.

Hoechst India

Marginal growth in sales; operating divisions face pressure on margins

Hoechst India Ltd has reported a mediocre performance for the year ended 31 December 1986. Though the dividend has been remained at 20 per cent, the company recorded a marginal growth in sales and, thanks to write-backs of previous years, the net profit is slightly lower compared to 1985.

Hoechst is primarily involved in pharmaceuticals and agrochemicals and both divisions fared poorly during the year. The directors cite several reasons for the decline — mainly, the selling prices of the pharma division continues to be dictated by the Drug Price Control Order of 1979. Subsequently, the substantial increase in the prices of inputs could not be offset by a higher selling price. The agrochemcials division faced a fall in demand due to the poor monsoon and closed with a 5 per cent rise in sales to Rs 24 crores.

The company posted sales of Rs 160 crores (Rs 150 crores) and the increase in the manufacturing activities was 3 per cent. Exports of formulations amounted to Rs 23 crores compared to Rs 22.8 crores. The pre-tax profit, after providing for interest (Rs 4.30 crores) and depreciation (Rs 1.80 crores), has plumetted to Rs 2.80 crores (Rs 6.66 crores). With a tax liability of Rs 20 lakhs, the net profit was a meagre Rs 2.60 crores. But Hoechst has written back Rs 2.63 crores (excess depreciation and commission) which has boosted the net profit to Rs 5.24 crores (Rs 5.92 crores). The company has revalued assets during the year and Rs 20 crores have been added to the reserves and assets.

(Rs in crores)

Year ended 31 Dec	**1986**	**1985**
Sales and other income	160.53	150.00
Operating profit	8.90	12.37
Interest	4.30	3.78
Depreciation	1.80	1.93
Pre tax profit	2.80	6.66
Writebacks	2.63	—
Tax	0.20	0.68
Net profit	5.24	5.98
Equity capital	9.57	9.57
Reserves●	49.93	22.22
Loans	29.14	23.81
Net fixed assets●	53.34	22.91
Net current assets	35.19	32.92
EPS (%)	54.75	62.49
Dividend (%)	20.00	20.00
Market price (Rs)		
Current	490.00	
1987: High	940.00	
Low	440.00	

● *Assets were revalued during the year*

Hoechst received a letter of intent to manufacture 2,000,000 doses of purified chick embryocell culture vacine and 530,000 units of diagnostic reagents. The unit will be located at Ankleshwar and work will commence after the licence is received. Like other pharma companies, Hoechst is awaiting the Kelkar committee's recommendations which is classifying the Category I and II products and markups for the same.

Straw Products

Setback in performance; modernisation and expansion of paper mills; new projects under implementation

Straw Products Ltd, one of the larger JK group companies performed poorly for the year ended 31 December 1986. With sluggish demand in the paper industry and unremunerative prices for cement, net sales dropped marginally to Rs 112 crores (previous year: Rs 114 crores). Severe pressure on margins and higher input costs brought down the operating profit by 27 per cent to Rs 15.47 crores (Rs 21.16 crores).

After interest charges of Rs 6.10 crores (Rs 5.87 crores), and depreciation of Rs 2.71 crores (Rs 8.74 crores), the pre-tax profit was more or less maintained at Rs 6.66 crores (Rs 6.55 crores). The depreciation was substantially lower, due to the writeback of excess depreciation provided in the previous years, amounting to Rs 3.53 crores. The dividend on equity was maintained at 20 per cent.

Of the total sales, paper and board revenue increased to Rs 74 crores (Rs 70 crores), and that of cement decreased to Rs 45 crores (Rs 51 crores). Capacity utilisation of the paper plant increased to 88 per cent (82 per cent) at 64,816 tonnes, but that of cement declined to 89 per cent (96 per cent) at 4,45,109 tonnes.

Though at present the paper industry is having problems, there is a silver lining. After years of protests from companies, the government has finally abolished price controls on paper. The Paper (Regulation of Production) Order, 1978 and Paper (Control) Order, 1979

(Rs crores)

Year ended 31 Dec	**1986**	**1985**
Sales & other income	115.17	117.18
Excise duty	22.56	22.62
Operating profit	15.47	21.16
Interest	6.10	5.87
Depreciation	2.71	8.74
Pre-tax profit	6.66	6.55
Tax	0.25	—
Net profit	6.41	6.55
Investments	11.91	5.48
Equity capital	10.14	10.14
Reserves	74.76	73.45
Loans	62.94	52.82
Net fixed assets	110.09	98.83
Net current assets	26.38	32.78
EPS (%)	63.21	64.60
Dividend (%)	20.00	20.00
Market price (Rs)		
Current	43.50	
1987 High	57.00	
Low	39.00	

in respect of white printing paper has been repealed. So, the company need not sell at unremunerative prices any longer. Straw Products enjoys a premium for its paper.

The company's installed capacity of 78,650 tpa of paper, board, and coated paper accounts for about 5 per cent of total industry capacity. To improve profitability, the company proposes to widen the product base of superior quality papers. Though price realisation for paper increased during the year, the input costs for paper along with that for cement saw an increase. The cost of raw materials consumed increased to Rs 17.06 crores (Rs 15.33 crores), followed with the next major increase in power and fuel to Rs 19.57 crores (Rs 17.51 crores).

The cement division continues to suffer from increased competition, higher production, and decreasing price realisation. During 1986, the company sold 40 per cent of its cement production under the levy category. Though the levy quota was reduced to 30 per cent with effect from 15 December 1986, and an increase of Rs 24.50 per tonne was granted in the price of levey cement, the directors state that these reliefs are still inadequate for the viable production of the cement unit. The company has entered into a consultancy agreement with Blue Circle Industries of the UK to improve productivity and check costs.

Straw Products is continuing its policy of modernisation and diversification. Investment in associate companies have doubled to Rs 11.91 crores during the year. The polyester staple fibre project of Orissa Synthetics Ltd (OSL), jointly promoted by the company along with IPICOL, was commissioned in March 1987. Straw Products has an equity stake of Rs 5.50 crores in OSL. Investments in JK Industries (the tyre company) increased to Rs 5.04 crores from Rs 4.33 crores.

The scheme of modernisation and renovation of JK Paper Mills, Orissa at a capital cost of Rs 25 crores, is progressing as per schedule. A 5.4 mw turbo generator set will be installed by mid-1988. A new paper machine for production of light weight and speciality paper at JK Paper Mills, costing Rs 11 crores, is expected to be commissioned by the third quarter of 1988.

Straw Products is implementing a Rs 7.5 crore project to manufacture audio-magnetic tape at Surajpur, UP. The automatic electronic exchanges project, in technical collaboration with OKI Electric Industry Co Ltd, Japan is also being undertaken at a cost of Rs 10 crores.

Khatau Makanji

Higher sales and operating profit, but poor net profit; modernisation and expansion schemes continuing; performance expected to improve

Khatau Makanji Spinning and Weaving Co Ltd of the Khatau group, one of the oldest companies in Bombay has reported a poor net profit for the year ended 31 December 1986. Since the earlier period was for 18 months ended 31 December 1985, all per cent changes have been annualised.

Sales improved by 17 per cent to Rs 97 crores (previous period: Rs 124 crores), and operating profit by 47 per cent to Rs 7.86 crores (Rs 8 crores). But mainly due to higher interest charges on borrowings, amounting to Rs 5.87 crores (Rs 3.91 crores), and after depreciation of Rs 1.81 crores (Rs 2.13 crores), the pre-tax profit is a meagre Rs 18 lakhs against Rs 1.96 lakhs. The tax liability for the year was nil against Rs 41 lakhs in the previous year. The earning per equity share dropped to Rs 5. However, after certain writebacks from reserves, the dividend on equity capital of Rs 3.37 crores, has been recommended at 10 per cent.

The reason for higher operating profits is due to better price realisation on cloth, which increased by 25 per cent to Rs 30 from Rs 24. This is perhaps the result of the ongoing modernisation. Even the average raw material consumption was lower, compared to the previous year. Cotton fibres, and yarn, which comprise over 50 per cent of the raw materials consumed, were available at lower cost.

According to the directors, the profits would have been better, but for the delay in the implementation of the new unit at Mahad, Maharashtra where 48 water jet looms were erected and commissioned in 1986, and production on these looms started in end-October 1986. But at present, according to chairman C. M. Khatau's statement in June 1987, another 24 jet looms have now been erected and commissioned. Besides, 12 rapier looms from Italy were also commissioned.

(Rs crores)

Year ended 31 Dec	1986	1985 (18 months)
Sales & other income	100.49	130.01
Operating profit	7.86	8.00
Interest	5.87	3.91
Depreciation	1.81	2.13
Pre-tax profit	0.18	1.96
Tax	—	0.41
Net profit	0.18	1.55
Equity capital	3.37	3.37
Reserves	10.75	10.91
Loans	35.56	30.43
Net fixed assets	32.69	27.12
Net current assets	16.31	17.72
EPS (%)	5.34	46.00
Dividend (%)	10.00	15.00
Market price (Rs)		
Current	170.00	
1987: High	312.50	
Low	160.00	

The borrowings, at Rs 35.56 crores in 1986, were two and half times that of reserves. It is expected that the investments of Rs 26 crores made on new projects and modernisation programmes over the last two years, and further expenditure incurred towards additional machinery, is going to translate into higher sales and profits in the coming years.

However, high inventory levels were a cause for concern in 1986. The stocks, on prorata basis, increased by 78 per cent to Rs 18.51 crores (Rs 15.59 crores). Of this, finished goods accounted for Rs 3.55 crores (Rs 1.54 crores).

Results announced

Telco

As expected, The Tata Engineering and Locomotive Company Ltd (Telco) has not performed well during the year ended 31 March 1987. The company pruned the equity dividend from 23 per cent to 10 per cent but even this is not adequately covered by earnings for the year. While the company's sales have increased marginally, the gross profit has fallen sharply.

The medium and heavy vehicles segment of the automobile industry is passing through a bad phase. Telco produced 50,754 vehicles during the year which is 14 per cent higher compared to 1985-86. There was a marginal growth in the medium and heavy vehicle sales. The high start-up costs incurred in the development of the new LCV contributed to low profitability. Bank credit to truck operators was "inadequate" and realisation on exports declined sharply. Telco produced 5000 LCV's during the year.

Telco's gross profit is lower at Rs 96.01 crores (Rs 111.54 crores) and the depreciation charge is Rs 21.57 crores (Rs 33.98 crores). According to the directors, the company has provided a lesser depreciation. This is because assets installed during the year were depreciated on a prorata and single shift basis only. The lower charge is neutralised by a rise in interest costs — from Rs 59.24 crores to Rs 71.51 crores. There is no tax liability but the net profit has taken a beating — it declined from Rs 18.32 crores to Rs 2.93 crores. The proposed dividend absorbs Rs 5.52 crores and the deficit has been covered by transferring sums from "excess" investment allowance reserve and balance of previous years.

During the current year, Telco hopes to produce around 60,000 vehicles with the contribution of LCV's rising sharply. With the launch of the new 608 vehicle and stabilisation in the existing 407 line, Telco expects to sell 1000 LCV's per month. Sales in the first quarter are 8 to 10 per cent higher than the corresponding period in the previous year.

The memorandum of understanding between Telco and Honda for the car project has been extended by a year and the company is still awaiting government clearance. The Rs 106 crore convertible debenture issue which has received government approval will be placed during the current year.

Tisco

The results of The Tata Iron and Steel Co Ltd (Tisco) for the year ended 31 March gave a pleasant surprise to Dalal Street. Market expectations of the company's performance were not very high and the scrip had nosedived to Rs 610 only a fortnight ago. In the perception of marketmen, the denial of a price hike to the integrated steel plants led to suspicions that Tisco's performance would be uninspiring.

However, Tisco's results were quite encouraging. The dividend was maintained at 25 per cent and the eagerly awaited bonus issue (in the ratio of 2:5) received government clearance recently. It is significant to note that after the announcement of results on 29 June, the share price of Tisco closed at 667.50 and was placed at Rs 707 two days later.

The company achieved a capacity utilisation of 110 per cent during the year. Sales increased by 10 per cent from Rs 1,285.51 crores to Rs 1,416.39 crores. But, according to Russi Mody, chairman, "steep cost escalations in raw materials and power shortage" placed severe pressure on margins. As a result the gross profit has fallen by 24 per cent from Rs 206.96 crores to Rs 157.12 crores.

The company provided for higher depreciation (Rs 57.60 crores compared to Rs 49.28 crores), but the lower tax liability of Rs 12 crores (Rs 50 crores) more than compensated for the increase. Interest charges increased by 9 per cent from Rs 53 crores to Rs 63 crores. The profit after tax works out to Rs 87.52 crores compared to Rs 107.68 crores, the second highest in the company's history.

Tisco has an installed capacity of 1.74 million tonnes of steel. According to Mody, the company has been "requested" by the government to enhance capacity by 1 million tonnes. The company has tied up with Korf of West Germany to provide new technology which is substantially cheaper entailing an investment of Rs 1,000 crores (compared to Rs 2,500 crores to Rs 3,000 crores for a plant employing conventional technology). The plant will be operational in 30 months after the clearances are received.

During the current year, Tisco hopes to produce 2 million tonnes of steel. The company's application for a rights equity issue at a premium of Rs 400 is believed to be "under consideration" by the Controller of Capital Issues (CCI). According to reports, the CCI has refused to grant a premium of Rs 400 but the company is willing to 'wait' before taking a final decision.

UTI

"Trust in units, 'cause they don't let you down, bad market notwithstanding". Unit holders are in in clover as the Unit Trust of India has reported better returns on capital for the year ended 30 June 1987, on practically all its investment schemes.

With sales of units crossing the Rs 1,000 crore mark for the first time in the 23-year history of the UTI, investible funds moved up from Rs 3,218 crores in 1985-86 to Rs 4,480 crores in 1986-87 — a 39 per cent increase. The impact on increased sales under all the schemes on the bottom line of the Trust was considerable — from Rs 390 crores, to Rs 510 crores over the same period.

During the year, the UTI launched out into foreign shores when it made a public flotation of the 'India Fund'. The Fund's shares which are listed on the London stock exchange helped mobilise Rs 139.5 crores in foreign exchange. In India, the Trust launched its Mastershare "to provide an opportunity for investors to participate in the equity market". The public issue of Rs 50 crores was oversubscribed more than three times and the Mastershare collected Rs 158 crores. The trust retained Rs 150 crores and the funds are being invested in a basket of equities spread over a wide range of industries.

Mastershares are listed in all the stock exchanges and the net asset value (NAV) as on 29 June 1997 was Rs 11.05 "which represents an increase of 10.5 per cent over the face value of Rs 10". A maiden dividend of 8 per cent was declared on Mastershares for the first six-month 'year', (ended 30 June).

In brief

- **Tata-Robins Fraser** has maintained dividend at 16 per cent for the year ended 31 March 1987. Sales were slightly higher at Rs 32.78 crores (Rs 32.43 crores) and operating profits moved up to Rs 1.10 crores (Rs 93.88 lakhs). After the necessary adjustments there is a surplus of Rs 48.18 lakhs (Rs 50.60 lakhs).
- **Kinetic Honda** has performed badly in the first full year of operations. The hardening of the yen against the rupee threw the company's finances out of gear. After providing Rs 1.15 crores towards depreciation and Rs 1.99 crores for interest, the loss for the year is Rs 4.56 crores.
- **Reliance Industries** has posted sales of Rs 460 crores in the first five months of 1987. Disclosing this at the annual general meeting of the company, chairman Dhirubhai Ambani stated that both the LAB and PTA plants will be commissioned in the third and fourth quarter of the year. With the conversion of the 'G' series the equity capital of the company will be around Rs 120 crores. The company is establishing a petrochemicals complex at Hazira for the manufacture of HDPE, PVC, caustic soda and chlorine.
- **Deepak Nitrite** during the six month period ended 30 April 1987, reports that gross income and gross profit were marginally higher at Rs 11.94 crores (Rs 11.23 crores) and Rs 1.23 lakhs (Rs 1.21 lakhs) respectively.
- **Amal Rasayan** hopes to achieve a turnover of Rs 15 crores during the current year. During the first quarter, the company made a net profit of Rs 33 lakhs against a loss of Rs 8 lakhs in the same period last year. The company has acquired the chemical unit of Western India Enterprises and the plant was recommissioned in April. A rights equity issue is in the offing.
- **Sakthi Finance** is payng a dividend of 20 per cent for the year ended 31 March 1987. Income more than doubled to Rs 7.49 crores (Rs 3.23 crores) and after providing Rs 3.10 crores (Rs 1.59 crores) for depreciation: the net profit is Rs 1.81 crores (Rs 1.16 crores).
- **Ficom Organics** has announced an interim dividend of 10 per cent for the six month period ending 31 March 1987. The company achieved sales of Rs 5.94 crores, gross profit of Rs 1.25 crores (Rs 10.14 lakhs) and net profit of Rs 87.12 lakhs.
- **Siyaram Silk Mills** has registered higher sales of Rs 30.80 crores (Rs 24.83 crores) upto 20 June 1987. The second phase of the company's expansion programme is under implementation at Patalganga.
- **Dunlop India** has commissioned its steel cord conveyor belting plant at Sahaganj. Speaking at the annual general meeting of the company, chairman M. R. Chhabria stated that there will be a "further improvement" in performance during the current year. He assured shareholders that a bonus issue would be "considered" sometime next year.
- **Wires & Fabriks** is skipping payment of dividend for the year ended 31 March 1987. Sales remained at earlier levels (Rs 3.43 crores) but the gross profit declined to Rs 14.29 lakhs (Rs 49.75 lakhs). The loss for the year is Rs 25 lakhs.

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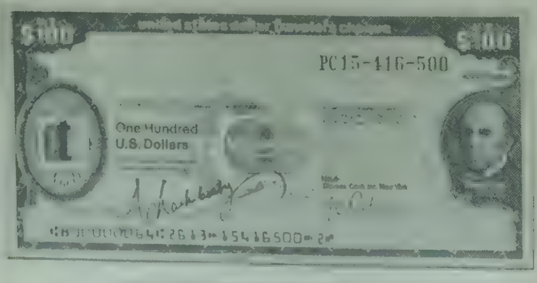

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New Issues

New market entrants

Company	Issue size	Main activity	Purpose of issue	Managers to issue	Issue date	Listing at
Alkyl Amines	231,000 Eq of Rs 10 on rights basis	Triethylene	Part financing of capital expenditure	NA	Shortly	Bombay
Amravathi Chemicals	600,000 Eq of Rs 10 each	Pharmaceuticals	New project	NA	Shortly	Bombay, Delhi, Madras
Cable Corporation of India	2,400,000 Eq of Rs 10 each (rts)	Cables	Expansion	NA	Shortly	Bombay
Columbia Electronics	1,570,000 Eq of Rs 10 each	Video cassettes	New project	MEFCOMS, Canara Bank, Punjab National Bank	Shortly	NA
Gujarat Heavy Chemicals	3,500,000 Eq of Rs 10 each	Soda ash	New project	NA	August	NA
Gujarat Vitta Pharma	2,100,000 Eq of Rs 10 each	Pharmaceuticals	New project	NA	Shortly	Bombay, Ahmedabad, Delhi
Indian Aluminium	4,500,000 CDS (rts cum public) of Rs 100 each	Aluminium	Dilution by Alcan, Canada	NA	NA	Bombay, Delhi, Calcutta
Indian Dyestuff Industries	150,000 (12.5%) fully CDs of Rs 300 (rts)	Dyestuff	Diversification	NA	Now open	Bombay, Delhi
KLK Electrical Industries	890,000 Eq of Rs 10 each	High voltage break switch components	New project	NA	July	Bombay, Madras
Mafatlal Industries Industries	810,000 Eq of Rs 10 each on rts basis at a premium of Rs 20	Textiles, engineering	Expansion	NA	Now open	Bombay, Delhi
Max India	126,000 (13.5%) CDs of Rs 200 each (rts)	Pharmaceuticals	Expansion & diversification	NA	Shortly	Bombay, Delhi
Modi Industries	192,000 CDs of Rs 250 each (rts)	Diversified	Modernisation & expansion	MEFCOMS, Hongkong Bank	June	Bombay, Delhi, Calcutta
PCS Data Products	1,884,000 Eq of Rs 10 at a premium of Rs 15	Mini/micro computer systems	Expansion	American Exp	Shortly	Bombay, Delhi
Pennar Steels	860,000 Eq of Rs 10 each	Steel strips	New projects	SBI CAP	Shortly	Bombay, Delhi
Sipta Coated Steels	298,000 (14%) rights CDs of Rs 137.50 each	Galvanised sheets	Expansion	Enam Consultants	Now open	Bombay, Delhi
Venlon Polyester	1,000,000 Eq of Rs 10 each	Polyester film	New project	NA	August	Bombay, Madras

Note: Eq: Equity; NCD: Non-Convertible Debenture; CD: Convertible Debenture; rts: rights basis; NA: Not available

ADVERTISEMENT

Continental Construction Limited

Continental House, 28 Nehru Place, New Delhi 110 019

The following is the text of the Chairman's Speech read by Shri C. L. Verma, Managing Director, Continental Construction Limited at the Twenty-Fourth Annual General Meeting of the Company held on the 25th June 1987 at New Delhi.

CHAIRMAN'S SPEECH

Ladies & Gentlemen,

It is my pleasure to welcome you to the 24th Annual General Meeting of your Company. As you all may be knowing, the Company was incorporated as a Private Limited Company in December 1962, with a subscribed and paid-up capital of only Rs. 10 lacs. It was then converted into a Public Limited Company w.e.f. 5th January 1983.

PUBLIC ISSUE

The Company's public issue of 88,00,000 equity shares of Rs.10/- each linked with 17,60,000 — 15% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each, of an aggregate value amounting to Rs. 35.20 crores, was well received and over subscribed. The public issue had been made to broad base the capital structure, get the shares listed on the Stock Exchanges and to increase the working capital of your company. I extend my grateful thanks to our bankers, the State Bank of India, Reserve Bank of India, Financial Institutions, Managers to the Issue and investing public for their fullest cooperation and reposing confidence in the Company. Due to the expansion of equity base, the number of shareholders has risen from earlier 33 Nos. to 27,762 Nos. at present. The shares of your Company are listed on Stock Exchanges at Bombay, Delhi, Ahmedabad, Madras, Calcutta and Kanpur. This meeting is of great significance because this is the first meeting after the Company expanded its equity base, and got its shares listed at the six major Stock Exchanges of the country.

The Directors' Report and Audited Statements of Accounts, with the 'Auditors' Report for the year ended 31st December 1986, are already with you for some time. With your permission, I take the same as read.

Inspite of general depression in the civil construction industry all over the world, the performance of your Company has been satisfactory during the year ended 31st December 1986. Inspite of some decline in the turnover, the net profits of the Company have increased to Rs. 13,24,53,859, as compared to Rs. 8,88,10,112 during the year 1985. Consequently the percentage of net profit to turnover has increased to 18.22 as against only 8.86 during the previous year. Keeping in view the satisfactory performance, the Directors of your Company have recommended a dividend@ 20% pro-rata on the enlarged capital. This, you will recall, is in keeping with the forecast made by your Directors last year to the investing public.

BUSINESS IN HAND

Your Company has been successful in securing the following World Bank aided contracts during the period March 1987 to May 1987, on global competition basis:—

1. Highways in Haryana, costing Rs. 27.72 crores.
2. Ahmedabad-Vadodara Expressway in Gujarat, costing Rs. 77.53 crores.
3. Narmada Main Canal from KM 21 to 50 for Sardar Sarovar Project, Gujarat, costing Rs. 67 crores.

The work at all the above three projects has been taken in hand. Apart from these three new jobs, the work at Sanjay Vidyut Pariyojana in H.P., Head Race Tunnel and Tail Race Tunnels at Chamera Hydroelectric project in H.P., and Maneri Bhali Stage-II Project at Uttarkashi, U.P., is proceeding satisfactorily. The Company has also submitted few more tenders and some of them are expected to materialise in business. You will be pleased to know that your company was the only Indian Company pre-qualified for participation in probably the largest single civil construction contract under execution at present in the world, namely, "Great Man Made River Project" in Libya. The tender was submitted on 31st March 1987. The company also submitted sometime back, a large size tender for a Water Supply Project in Iraq. Both these jumbo bids are in global competition with international pre-qualified parties and cost more than Rs. 5,000 crores. The necessary follow up is being done with the clients in Iraq and Libya. Overseas construction market remains considerably depressed due to continuance of Iraq-Iran war, and fall in the production and prices of oil in OPEC countries, where construction boom existed during the last two decades. The market has further shrunk due to cashflow problems in the developing countries. At home, however, there are bright prospects of increase in construction activities, more especially in the field of hydroelectric projects, thermal power stations, housing, roads, bridges and water supply projects etc. Your company, therefore, is looking to the future with hope and confidence.

SUBSIDIARY COMPANIES

Your Company has three fully owned subsidiary companies, namely, Punjab Ceramics Ltd., Continental Shipping Corporation Ltd., and Continental Papers Ltd.

Punjab Ceramics Ltd.

The factory was commissioned in October 1984 and since then it has been in production. However, the results have not been as good as your Directors wanted because of the abnormal situation in the region where the factory is located and due to the hesitancy of well experienced and competent ceramic engineers being posted at Bhatinda.

Continental Shipping Corporation Ltd.

The Company owns one Bulk Carrier of 54000 DWT capacity and has been chartering the same to European parties for voyage in between Europe and North & South America. Although the bulk shipping business world over is losing, but the performance of your company has been satisfactory. The Company also applied to the Government of India for giving approval for acquisition of 4 Phosphoric Acid Carriers and 4 Edible Oil Carriers. Due to procedural delays, the approval is still awaited. Your Directors hope that as soon as the Government's approval for new acquisitions has been received, and more carriers are added in the fleet, the financial position will improve substantially.

Continental Papers Ltd.

You will be pleased to note that Continental Papers Ltd. have shown remarkable progress during 1986. The civil works have almost been completed. The erection of plant and machinery is nearing completion. It is scheduled to come into trial production in the next quarter. The capacity of the plant is 30 TPD, which will be increased gradually to 80 TPD.

ACKNOWLEDGEMENTS

I thankfully acknowledge the continued support extended to the company by our clients, bankers, financial institutions and various departments of Govt. of India, State Governments and Semi-Govt. organizations. I also put on record the hard work done and dedicated services rendered by all officers, staff and workers of the company, in achieving the excellent results.

Thank you.

CHAIRMAN

New Delhi
25th June, 1987.

NOTE: This does not purport to be a record of proceedings of the Twenty-Fourth Annual General Meeting of the Company.

Market News

Stockmarket review

Recovering lost ground

The stockmarkets recovered sharply towards the second half of the fortnight ended 3 July. But not before a sharp fall in prices through the early part of the fortnight brought *The Economic Times* (ET) all-India index of share prices to its lowest level of the year on 23 June. The index on that date stood at 213.7 or 3.5 per cent below its level at the close of the previous fortnight and as much as 20 per cent below the pre-budget high of the year.

Then came the rise and prices climbed rapidly through the rest of the fortnight. The rise not only offset the fall of the first half of the fortnight, but shored up the *ET* index to 239.5 at the end of the fortnight, which was 8 per cent above its level at the close of the previous fortnight.

Who is responsible? Was it the reappearance of the monsoon on 26 June, Tata Steel's results on the 29th, or UTI's results two days later that aided the recovery? Or was it Reliance Industries, that nemisis of both bulls and bears, that was responsible, with its promise of a rights issue along with an early conversion of its G series debentures? Or should the government get the credit for making stock exchanges set up surveillance squads — that are yet to catch anyone, though?

Whatever may be the reasons, isn't the recovery too rapid and therefore likely to be as fleeting as a tropical sunset, however pleasant? Is it the time to buy or to sell shares?

Note the pattern of recovery. All shares have risen, but the ones that have risen the most are primarily companies that are suspected to be not doing so well and were heavily short sold. In the A group of the Bombay stock exchange (BSE), these included Baroda Rayon, Hoechst, Pfizer, Premier Auto, Raymond and Telco. Even in the B group, the companies that have risen the most include such apparently short-sold ones like Genelec, KSB Pumps, and Ponds India. (See table for a list of scrips that have risen by at least 20 per cent over the last fortnight).

Such skewed price behaviour suggests that the sharp rises that took place in the prices of many scrips are due to the effects of short covering and not (yet) investor buying. Hence, the credit for price recovery should probably go to increased vigilance over brokers so as to prevent short-sales of shares. If this is true, the recovery may not be sustained for long.

Good news. The highlight of the fortnight was the announcement on 29 June of Tata Steel's results for the year ended 31 March, 1987. These turned out to be far better than what the market had expected, with the result that Tisco's share price rose in hectic trading in Calcutta. (For details of results see 'Corporate Monitor'). Its price at Bombay followed suit. The market was expecting a net profit of Rs 50 to 60 crores (against Rs 107 crores in 1985-86) and a reduction in dividend. But the news that the company's profit after tax was Rs 87 crores (due in part to sharp reduction in tax from Rs 50 crores to Rs 12 crores) and that dividend was to be maintained at 25 per cent was unexpectedly good. Further, Tata Steel's vice-chairman, Nani Palkhivala, stated at a press conference that the company was in no hurry to issue rights share at Rs 500 per share but would wait until the share price touched Rs 850. Palkhivala's statement sent signals to the market that the share price could indeed touch Rs 850 in a short while, helped perhaps by a steel price hike.

As noted above, the fortnight didn't start off too well. In spite of the restriction on short sales, the markets slumped by 3.5 per cent in the first two days of the fortnight, with the *ET* index hitting the year's low of 213.7 by 23 June. The BSE authorities imposed a set of further restrictions on 24 June (all of which are currently in force). These included a reduction in daily trading hours from two hours to one hour, surveillance of shares on which *vyaj badla* is done, a limit of Rs 5 lakhs per day on jobbing, a blanket ban on the carryover of B group shares across settlements and no forward buying of shares.

The fresh set of restrictions was objected to by brokers who boycotted trading on 24 and 25 Junne. Other exchanges were open with prices remaining steady on moderate trading, although there was no trading in specified shares on the Delhi stock exchange for two days.

Top gainers

Scrip	Market price as on 22 June (Rs)	3 July (Rs)	Per cent change
Specified:			
ABC	940.00	1145.00	21.8
Baroda Rayon	225.00	270.00	20.0
Hoechst	490.00	600.00	22.4
Pfizer	43.00	53.00	23.3
Premier Auto	18.50	23.50	27.0
Raymond	56.50	81.00	43.4
Telco	395.00	480.00	21.5
Unspecified:			
Genelec	75.00	92.50	23.3
India Photo	73.75	90.00	22.0
Ion Exchange	76.00	95.00	25.0
KSB Pumps	290.00	355.00	22.4
Ponds India	237.50	295.00	24.2
Siltap Chem	66.00	94.00	42.4
Vindhya Tele	47.00	58.00	23.4

The BSE resumed trading on 26 June, and since then, the markets have moved steadily upwards, although the volume of trades has been moderate — which is another indicator that this is no start of a "bull phase".

UTI's performance. The Unit Trust of India (UTI) announced its annual results on 30 June. The main scheme of units (1964 scheme) is to receive a dividend of 16 per cent (which gives a yield of 12 per cent). But as usual, the UTI did not disclose its operating results for this scheme. Mastershares' dividend was announced at 46 paise, which works out to 8 per cent pro-rated dividend. The next day, Mastershares quoted a rupee higher at Rs 9.75.

In sharp contrast to the excitement over Tata Steel's results, those of that other flagship of the Tata fleet, TELCO, were disappointing. Eyebrows were raised at TELCO's decision to charge depreciation on a single-shift basis so as to raise profit after tax and enable a dividend to be paid. A more correct comparison between this year's and last year's performance, can be made by looking at the cash earning per share (that is, earnings after adding back depreciation and all other non-cash charges). The cash EPS for TELCO in the previous year was Rs 95 (versus Rs 116 in 1984-85), while in 1986-87 it was Rs 46. Thus, there was a reported 50 per cent decline in earnings over the previous year, which, interestingly, corresponds roughly with the decline in the company's share price over the last one year. However, TELCO's share price benefited from shortcovering in the wake of official vigilance and institutional purchases to rise by 20 per cent to Rs 480 at the end of the fortnight.

Back in the news. Reliance Industries Ltd was back in the news last fortnight on obtaining government approval for giving the G series debenture-holders the right to convert their debentures into shares earlier than February 1988. In order to induce G series holders to exercise the right of early conversion (to be offered next month), the company followed up the government approval with the offer of 2.4 crore rights shares at Rs 72.50 per share to equity holders, due in September 1987. The rights issue will give Reliance much needed funds (Rs 174 crores) while the early conversion of 'G' series debentures will result in a substantial interest saving of Rs 33 crores (after neeting out an (assumed dividend pay-out of Rs 2.5 per share for 1987).

Marketmen are unlikely to be pleased at the high premium of Rs 62.50 offered in the rights

Milestone in social banking achieved: Babel

Stress on customer service

Excerpts from the speech of Shri J. S. Babel, Chairman, The Bank of Rajasthan Ltd, at the 44th Annual General Meeting held at Udaipur on 25th June 1987.

'THERE HAS BEEN A MARKED IMPROVEMENT IN DEPOSIT GROWTH OF 17.2%, A QUANTUM JUMP OF 32% IN NET PROFITS AND THE TOTAL CAPITAL AND RESERVES HAVE SOARED TO Rs. 2.82 CRORES.

DEPOSITS

'I am happy to report that during 1986 there was a marked improvement in deposit growth and the total deposits touched a new hight of Rs. 441.35 crores.

ADVANCES

The total advances of the Bank increased to Rs 217.89 crores.

SOCIAL BANKING

The Bank was able to achieve a mile-stone in social banking by deploying 40.02% of the advances to the priority sectors in consonance with the national goals. The Priority Sectors advances rose to 83.61 crores. Assistance provided by the Bank to the weaker sections of the society increased by 30%. Iam glad to inform that the NABARD has ranked our Bank at the top among all commercial banks in the country in the matter of claiming refinance under the non-farm sectors.

CUSTOMER SERVICE

To us the philosophy of "Customer is the King" is not a cliche but a fundamental principle. Major recommendations of the Working Group on Customer Service in banks like affording immediate credit in case of outstation instruments upto Rs. 2,500/- and paying interest in case of delays in collection of outstation instruments were implemented during the year. All the branches and Regional Offices have been instructed to observe a "Customer Contact Day" every month. Customer Service Committees have also been formed at Selected bigger branches.

Performance at a glance (Rs. in lacs)

Particulars	1985	1986
LIABILITIES		
Capital & Reserves	221	282
Deposits	37.661	44,135
Borrowings	1,200	1,935
Bills Payable	814	779
Other Liabilities	1,556	2.008
Profit	22	29
	41,474	49.168
ASSETS		
Cash & Balances with banks	8,733	11,380
Investment	11,989	14,103
Loans & Advances	19,155	21,789
Other Assets	1,597	1,896
	41,474	49,168

Income-Expenditure (Rs. in lacs)

Particulars	1985	1986
INCOME		
Interest & Discount	3.625	4 122
Commission Exchange & Brokerage	308	427
Other Receipts	57	81
	3,990	4.630
EXPENDITURE		
Interest paid on Deposits, Borrowing etc	2 533	2.897
Salaries & Allowances	1,019	1,224
Other Expenditure	386	440
Net Profit	52	69
	3,990	4,630

The Bank of Rajasthan Ltd.

Regd. Office UDAIPUR Central Office : JAIPUR

PINKCITY

issue, and reportedly, Reliance's share price fell from Rs 125 to Rs 112 in kerb deals at the close of the fortnight. Further, a rights issue made by a company going through difficult times usually means an acute shortage of liquidity. All the indications suggest that this is so for Reliance as well, given the continued weakness of prices in the polyester fibre and yarn markets and the delays in commissioning of the LAB and PTA plants which have substantially jacked up project costs.

The prospects for several industries continue to be weak, including the fertiliser, soda ash, synthetic fibre and yarn, and cement industries. The major immediate beneficiaries of a good monsoon will be fertilisers and consumer goods. If the monsoon winds show up well and if the political winds calm down as is expected, the markets could witness a steady and sustained rise. Otherwise, the sharp rise in prices last fortnight may prove to be ephemeral.

RAFIQ DOSSANI

Over the counter trading

Cifco's new venture

Effective 1 July, a new dimension was added to the Indian investment scenario. Simultaneous announcements by SBI Capital Markets Ltd, Bombay, and another Bombay-based merchant banking group, Champaklal Investment and Financial Consultancy Services Ltd (Cifco), to actively trade in secondary markets promise to usher in the long missing element of liquidity in the Indian stockmarkets.

From this day, SBI Cap started trading in bonds issued by public sector companies with the objective of creating an active secondary market. On the same day, CIFCO inaugurated the first ever 'over-the-counter' (OTC) trading counters in Bombay, Ahmedabad and Pune. At these counters, shares, debentures and units of the Unit Trust of India (UTI) will be bought and sold in retail lots.

Common complaint. The process of rejuvenation of the Indian stockmarkets witnessed a flood of several lakh investors into the markets during 1985-86. After the boom ended a liquidity crunch came. "I can't sell my shares," became a common refrain with the investing public, which grew several-fold in this period.

In the circumstances, measures taken to bring liquidity into the secondary markets is of great significance. SBI Cap's scheme is limited to the bond market where the banks themselves hold Rs 600 crores of the total bond issues by seven public sector companies. But Cifco-OTC's role will be watched closely as its market horizon is very much broader.

OTC shares

TISCO • TELCO • Hindustan Lever • Lipton • Escorts • Reliance • Larsen & Toubro • Blow Plast • Indrol • Bombay Dyeing • Glaxo • V. B. Desai • VIP Industries • CIFCO Finance • Master Shares

OTC debentures

Escorts • FACOR • Forbes Forbes Campbell • Goetze • Grasim • Indrol • Indian Hotels • Indian Rayon • Larsen & Toubro • May & Baker • Reliance 'E' Series • Reliance 'F' Series • TELCO • VIP Industries

To begin with Cifco-OTC will trade in units (1964 scheme), debentures and shares. It also proposes to place inter-corporate deposits and play an active role in the public deposits market.

A useful service Cifco-OTC will provide is trading in odd lots of shares and debentures. Very often companies willingly and sometimes unwillingly issue securities in 'odd' or unmarketable lots. To liquidate them individual investors have to go through a lengthy time consuming procedure where share/debentures have to be split in marketable lots.

Speed's the word. Trading in these will be handled at the counters at rates that will be 5-6 per cent lower than the market price. Speed will be the USP of the odd lot offer from OTC. A Cifco-OTC brochure states, "On verification of your signature, payment will be made within 7 days from receipt of delivery." The rates quoted by Cifco-OTC for buying and selling will be "firm rates — till changed". According to D. Doshi, chief dealer of Cifco-OTC, "Rates will be offered on shares, etc from a ready list. We will also entertain enquiries for rates of shares not on this list. You can also buy odd lots to make your scrips into marketable lots," he says.

In the same manner, Cifco-OTC has drawn up a list of debentures. Quotations for a select number of securities will be made at attractive specified rates and offered to the investor, where the yield would range from 15 to 16 per cent. A ready trade counter for units is another market that the OTC will enter. Here again, the emphasis will be on speedy liquidity. "After bank verification of your signature, cheques can be given within 3 days — that's the fastest transaction speed offered in the country today," proclaims the brochure. The minimum lot to be traded in is 500 units, and more in multiples of 100, up to a maximum of 25,000 units. (For over 25,000 units Cifco-OTC has a separate wholesale counter.)

Cifco-OTC also plans to take on the role of a market maker in a limited way and will offer corporate advice on managing investments and funds management.

If the over the counter trading concept becomes acceptable to investors it could serve a useful purpose in bringing liquidity into a market where sellers can't find buyers. Today the time gap between payment and delivery of shares/debentures easily is three to four months.

And this is good only for shares that are actively traded, and which are in marketable lots. This is because of the insuperable difficulties experienced by those who have odd lot, or not so frequently traded, shares. In such cases, unless the seller (either directly or through brokers) manages to find a buyer for such inconvenient holdings, selling them is virtually impossible.

What Cifco-OTC has in mind is to act as a principal buyer or seller. If an investor sells shares to Cifco-OTC, it takes them in its own name at a pre-determined price. According to Bhupen Dalal, chairman of Cifco, "We also plan to make payments within a week's time, thus saving investors the prolonged delays that usually were the norm in such cases."

Seed capital. Dalal explains that Cifco-OTC will begin operations with a seed capital of Rs 25 lakhs. "We believe this should be sufficient, to start with. Most of the funds would be tied up in the purchase of odd lot shares," he says. Dealing in units ensures liquidity for the OTC as we are free to sell back to the UTI, those units which we cannot sell." In the case of shares the OTC will monitor purchase, "in such manner that they match our sales".

According to Dalal, the prices offered by OTC — which will be lower than market prices — will be calculated "on the basis of the time taken to sell the shares".

The biggest challenge that the OTC faces is playing the role of a market maker. "We don't really think we can do much," admits Dalal, "but will give it a good try." Clearly there is scope for many more similar ventures. Part of the problem in dealing with not-too-frequently-traded-shares is that there are just too many companies around whose shares would easily fall in this category. And, obviously no organisation like Cifco-OTC can be expected to trade in all such shares. "That is why we are initially dealing in shares and debentures of only those companies with which we have an understanding regarding transfer of shares and speedy verification of signatures," says Dalal.

To ensure adequate volumes of business, Cifco-OTC will engage in bulk-sales and purchase of units or shares from its headquarters in Bombay itself.

R. N. BHASKAR

Stockmarkets

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 3.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
		(Rs in crores)				High	Low					Yr	Ratio
ALUMINIUM		**48.59**	**82.43**		**281.96***			**15.81**	**28.11**		**2.33**		
Alum Ind (10)	03/86	2.70	0.20	10.74	4.50	5.75	4.00	–87.04	0.00	0.00	0.00	66	1 : 7
Hindalco (10)	12/86	13.39	41.83	41.24	115.00	135.00	94.00	28.83	39.89	15.00	1.30	86	1 : 2
Indal (10)	12/86	32.50	40.40	22.43	39.00	54.00	29.00	18.98	20.54	14.00	3.59	77	2 : 5
AUTO-ANCILLARIES		**66.81**	**48.40**		**238.95***			**23.41**	**15.28**		**4.13**		
Auto Corp (10)	03/86	2.35	1.72	17.32	31.00	36.00	19.00	38.30	8.09	15.00	4.84		
Bharat Gears(10)	07/85	2.03	6.44	41.72	16.00	28.00	14.00	26.11	6.13	18.00	11.25		
Gabriel (10)	05/86	2.64	3.26	22.35	15.00	21.50	12.00	41.29	3.63	10.00	6.67	78	3 : 2
Goetze (10)	06/86	6.93	8.55	22.34	34.00	52.00	31.00	46.03	7.39	20.00	5.88		
Hind Ferodo (10)	12/86	5.50	0.58	11.05	20.00	27.00	17.50	0.36	550.00	0.00	0.00	83	4 : 5
Kalyani Brks (10)	06/85	3.88	0.00	10.00	9.75	11.50	8.00	0.00	0.00	0.00	0.00		
Mico (100)	12/85	38.04	18.45	148.50	435.00	445.00	335.00	21.87	19.89	18.00	4.14	86	1 : 1
Sund Fast (10)	03/86	3.19	8.67	37.18	52.00	56.50	41.00	35.42	14.68	20.00	3.85	81	2 : 3
ZF Steering (10)	06/86	2.25	0.73	13.24	18.00	43.00	16.00	20.44	8.80	0.00	0.00		
AUTO-CAR/JEEP/TRAC		**65.57**	**167.37**		**213.97***			**56.29**	**5.80**		**5.37**		
Hind Motors (10)	03/86	26.32	54.01	30.52	27.00	35.00	22.00	58.89	4.58	12.00	4.44	86	1 : 1
Mah & Mah (10)	10/86	19.26	63.27	42.85	52.00	61.00	38.00	42.26	12.30	20.00	3.85	84	2 : 3
Prem Auto (100)	06/86	16.14	37.52	33.25	23.50	29.50	17.00	71.00	3.31	25.00	10.64	86	1 : 1
Punjab Trac (10)	11/85	1.54	8.59	65.78	13.00	16.00	10.50	51.30	2.53	14.00	10.77	81	2 : 5
Stan Motors (10)	12/86	2.31	3.98	27.23	12.25	15.75	11.70	44.16	2.77	10.00	8.16		
AUTO-LIGHT TRUCK		**58.62**	**51.14**		**74.88***			**14.50**	**8.81**		**1.10**		
Allwyn Nis (10)	06/86	16.54	0.00	10.00	4.00	6.50	3.00	0.00	0.00	0.00	0.00		
Bajaj Tempo (10)	09/86	6.58	40.99	72.29	70.00	100.00	62.50	129.18	5.42	12.50	1.79	85	1 : 1
DCM Toyo (10)	06/86	15.00	0.15	10.10	8.00	10.00	6.00	0.00	0.00	0.00	0.00		
Eicher Mot (10)	00/00	10.00	10.00	20.00	6.00	7.00	5.00	0.00	0.00	0.00	0.00		
Swaraj Maz (10)	00/00	10.50	0.00	10.00	4.00	6.50	0.00	0.00	0.00	0.00	0.00		0 : 0
AUTO-HVY TRUCK		**74.56**	**228.39**		**330.08***			**39.03**	**11.34**		**4.74**		
Ash Leyland (10)	12/86	21.39	68.18	41.87	35.00	35.50	27.00	27.91	12.54	16.00	4.57	78	1 : 2
Telco (100)	03/86	53.17	160.21	401.32	400.80	665.00	350.00	43.50	11.03	23.00	4.79	82	2 : 5
AUTO 2/3 WHEEL		**59.65**	**180.22**		**548.49***			**104.83**	**8.77**		**1.36**		
A.P. Scooters (10)	07/86	9.12	0.24	10.26	2.50	2.50	0.00	40.02	0.62	0.00	0.00		
Bajaj Auto (100)	06/86	9.41	127.50	1454.94	4225.00	4925.00	3950.00	414.13	10.20	50.00	1.18	84	1 : 1
Enfield (10)	06/86	3.12	8.41	36.96	10.00	19.50	8.50	61.54	1.63	15.00	15.00	84	1 : 1
Hero Honda (10)	08/86	12.00	1.15	10.96	17.50	31.00	16.00	9.58	18.26	0.00	0.00		
Kinetic Eng (10)	08/86	1.20	12.78	116.50	215.00	310.00	175.00	317.50	6.77	30.00	1.40	83	1 : 1
Kinet Honda (10)	01/86	9.98	1.96	11.96	23.00	40.00	15.00	19.64	11.71	0.00	0.00		
Maha Scoot (10)	06/86	1.43	8.08	66.50	173.75	196.00	125.00	269.93	6.44	35.00	2.01	83	3 : 7
Sund Clay (10)	05/86	5.69	19.58	44.41	68.50	71.50	54.00	100.88	6.79	25.00	3.65	83	1 : 1
TVS Suzuki (10)	08/86	7.70	0.52	10.68	15.50	26.00	11.50	19.09	8.12	0.00	0.00		
BEARINGS		**26.08**	**38.58**		**162.22***			**42.18**	**14.75**		**2.01**		
Anti-Friction (10)	03/86	3.00	3.95	23.17	10.00	14.00	9.00	7.67	13.04	8.00	8.00	83	1 : 2
Assoc Bear (100)	12/86	12.34	26.05	311.10	1145.00	1155.00	500.00	74.80	15.31	20.00	1.75	86	2 : 5
Bimetal (10)	06/85	1.91	6.07	41.78	67.00	67.00	42.00	71.73	9.34	21.00	3.13	81	1 : 2
Fag Prec (100)	12/86	2.00	3.42	271.00	120.00	225.00	120.00	8.50	14.12	7.50	6.25		
Karna Ball (10)	06/85	6.83	–0.91	8.67	4.00	7.00	3.50	0.00	0.00	0.00	0.00		
CEMENT		**93.84**	**209.30**		**218.35***			**46.43**	**4.67**		**4.79**		
ACC (100)	11/86	2.98	3.41	214.43	161.00	373.00	138.00	63.76	2.53	2.50	1.55	85	1 : 5
Andhra Cem (10)	03/86	9.51	10.80	21.36	12.50	21.50	11.00	23.55	5.31	15.00	12.00	67	1 : 2
Bagalkot (10)	09/86	1.00	4.00	50.00	23.00	32.00	21.00	48.00	4.79	15.00	6.52		
Birla Jute (10)	03/86	20.38	70.02	44.36	47.75	58.00	46.00	72.08	6.62	16.00	3.35	86	1 : 1
Guj. Ambuja (10)	06/86	17.91	0.00	10.00	10.25	15.00	8.50	0.00	0.00	0.00	0.00		
India Cem (10)	03/86	4.90	17.51	45.73	17.00	25.50	13.50	129.39	1.31	22.00	12.94	70	2 : 5
Mad Cem (100)	12/86	3.02	23.27	870.53	610.00	825.00	505.00	142.05	4.29	25.00	4.10		
Mang Cem (10)	12/86	7.11	10.38	24.60	14.00	22.50	13.00	29.82	4.70	15.00	10.71		
Mysore Cem (10)	06/86	4.99	15.98	42.02	26.00	35.00	23.00	34.07	7.63	17.50	6.73	85	2 : 5
Narm Cem (10)	12/85	14.00	0.15	10.11	6.00	7.25	4.00	–22.64	0.00	0.00	0.00		
Orissa Cem (10)	12/86	2.70	29.90	120.74	61.25	70.00	37.00	291.48	2.10	30.00	4.90	85	1 : 5
Raasi Cem (10)	06/86	5.34	23.88	54.72	17.00	28.00	10.00	95.69	1.78	18.00	10.59		
CHEMICALS		**236.68**	**368.94**		**1190.46***			**43.70**	**11.27**		**3.19**		
BASF (10)	12/86	2.84	9.52	43.52	83.75	92.50	65.00	46.48	18.02	18.00	2.15	79	1 : 1
Bayer (100)	12/86	8.11	17.45	315.17	405.00	785.00	405.00	65.97	6.14	25.00	6.17		
Cam & All (100)	12/86	2.60	4.58	276.15	170.00	210.00	160.00	25.38	6.70	18.00	10.59	82	1 : 3
Chloride (10)	08/86	12.90	16.21	22.57	81.00	98.00	66.00	69.53	11.65	39.00	4.81	86	3 : 5
Citurgia (10)	03/86	5.25	4.99	19.50	74.00	74.00	53.00	24.38	30.35	17.00	2.30		
Deepak Nit (10)	10/86	2.43	3.40	23.99	29.00	36.00	20.50	25.10	11.55	14.00	4.83	86	1 : 2
Gujarat Alk (10)	03/86	8.93	12.95	24.50	62.50	64.00	51.00	46.58	13.42	26.00	4.16	85	1 : 5
Gujrat Petro (10)	05/86	2.94	0.31	11.05	23.00	28.50	17.50	22.45	10.25	11.00	4.78		
Herdillia (10)	06/86	7.35	13.65	28.57	36.00	38.00	29.50	47.76	7.54	18.00	5.00		
Hico Prod (10)	12/85	2.49	4.54	28.23	13.00	22.00	10.00	16.47	7.90	10.00	7.69		
IEL (10)	09/86	40.87	72.54	27.75	60.00	61.00	45.00	47.49	12.63	22.50	3.75		
Ind Oxygen (10)	09/85	14.60	12.90	18.84	41.00	62.50	39.00	27.81	14.74	16.00	3.90	85	1 : 3
Indrol (10)	06/86	2.54	10.06	49.61	210.00	340.00	160.00	90.55	23.19	25.00	1.19		
ION Exch (10)	04/85	0.96	2.39	34.90	95.00	146.00	58.00	60.42	15.72	20.00	2.11		
Modi Alkalies (10)	04/85	10.64	0.61	9.43	6.25	10.00	5.00	0.00	0.00	0.00	0.00		
Nat Perox (100)	03/86	2.28	6.07	366.23	800.00	1125.00	710.00	48.25	16.58	20.00	2.50		
Nocil (100)	12/86	36.00	51.46	242.94	447.50	577.50	382.50	46.47	9.63	1.80	0.40	86	1 : 2
PIL (100)	12/86	12.87	24.50	290.37	640.00	665.00	590.00	54.93	11.65	23.00	3.59	82	1 : 3
Punjab Alk (10)	06/85	9.99	2.77	12.77	4.50	7.50	4.00	–15.12	0.00	0.00	0.00		
Syn & Chem (100)	09/85	5.81	3.49	160.07	155.00	157.50	75.00	6.88	22.51	8.00	5.16		
Tata Chem (10)	03/86	27.19	86.35	41.76	69.00	94.00	61.00	79.74	8.65	25.00	3.62	85	2 : 5
Tuti Alkalies (10)	12/86	12.93	0.00	10.00	9.50	13.00	8.00	-5.41	0.00	0.00	0.00		
Vam Org (10)	04/86	4.16	9.42	32.64	90.00	108.00	64.00	129.33	6.96	20.00	2.22		
CIGARETTES		**45.03**	**61.21**		**184.48***			**39.44**	**10.39**		**6.38**		
Godfrey Phil (10)	12/86	2.60	3.24	22.46	11.00	12.25	0.00	26.54	4.14	15.00	13.64	75	1 : 1
GTC (10)	06/86	5.00	8.61	27.22	14.50	19.00	13.00	36.60	3.96	23.00	15.86	72	1 : 4
ITC (10)	06/86	33.17	38.42	21.58	50.00	77.00	39.00	38.41	13.02	27.50	5.50	81	1 : 5
VST Ind (10)	[illegible]	4.26	10.34	35.68	20.00	30.00	19.00	58.69	3.41	26.00	13.00	77	3 : 5

Note: Eq: equity capital; Res: reserves; EPS earnings per share PE price to earnings, Div dividend, Yr: year;
* market capitalisation in Rs crores

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 3.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bo
		(Rs in crores)				High	Low					Yr
COMPUTERS		**6.97**	**9.22**		**54.25***			**47.92**	**16.24**		**3.47**	
ICIM (10)	12/86	2.50	4.37	27.48	21.00	28.00	15.00	38.00	5.53	16.00	7.62	
P.S.I. Data (10)	06/86	1.34	0.57	14.25	27.00	32.00	22.00	18.66	14.47	17.00	6.30	
Tata Burr (10)	12/86	3.13	4.28	23.67	145.00	225.00	127.50	68.37	21.11	40.00	2.76	
CONSTRUCTION		**18.73**	**60.10**		**132.15***			**39.51**	**14.13**		**2.74**	
Cemindia (10)	09/86	1.28	3.84	40.00	90.00	127.50	63.75	85.16	10.57	24.00	2.67	84
Gammon (10)	07/86	2.16	12.81	69.31	53.00	55.00	27.00	93.06	5.70	25.00	4.72	82
Hind Dorr-Ol (10)	11/86	2.38	7.85	42.98	317.50	407.50	156.25	164.71	19.28	35.00	1.10	86
Hind Const (10)	07/86	6.30	20.57	42.65	10.00	13.00	9.00	-30.95	0.00	15.00	15.00	83
Sae (10)	12/86	1.80	6.82	47.89	85.00	167.50	75.00	21.67	39.23	12.50	1.47	83
W I E (10)	09/86	4.81	8.21	27.07	25.00	29.00	16.00	40.33	6.20	16.00	6.40	83
COSME & TOILET		**68.86**	**174.73**		**1245.04***			**82.31**	**21.97**		**1.78**	
Colgate (10)	12/86	7.86	14.24	28.12	360.00	391.25	327.50	126.46	28.47	42.00	1.17	85
Hind Lever (10)	12/86	46.66	118.56	35.41	171.00	212.00	151.00	83.73	20.42	34.00	1.99	83
Lakme (10)	06/86	1.83	5.18	38.31	112.50	141.25	92.50	80.87	13.91	25.00	2.22	85
Oswal Agro (10)	06/86	2.87	6.77	33.59	89.50	147.50	72.50	91.99	9.73	32.00	3.58	
Ponds (10)	06/86	1.31	11.98	46.19	295.00	343.00	222.50	96.07	30.71	27.50	0.93	84
Tomco (25)	03/86	6.33	18.00	96.09	80.00	104.00	72.00	5.85	54.75	12.00	3.75	81
COTT & WOL TEXT		**92.08**	**232.09**		**553.95***			**44.18**	**11.36**		**4.00**	
Ahm Calico (125)	06/86	13.56	22.74	334.62	71.00	97.00	53.00	-59.59	00.00	0.00	0.00	77
Bom Dyeing (25)	09/85	11.24	31.71	95.53	76.50	83.50	40.50	24.56	12.46	7.00	2.29	79
Khatau Spg (100)	12/86	3.97	10.74	418.69	185.00	312.50	160.00	5.34	34.64	10.00	5.41	79
Madura Cots (10)	06/86	21.81	30.21	23.85	70.00	74.00	64.00	64.83	10.80	25.00	3.57	86
Mafat Fine (100)	03/86	6.48	14.80	328.40	202.50	300.00	200.00	89.51	2.26	17.00	8.40	
Mafat Ind (125)	03/86	8.10	31.52	611.42	310.00	420.00	305.00	68.15	3.64	20.00	8.06	78
Morarjee (10)	06/86	4.20	8.95	31.31	450.00	550.00	420.00	110.71	40.65	200.00	4.44	81
Raymond (10)	03/86	11.24	40.91	46.40	81.00	84.00	48.00	76.51	10.59	22.00	2.72	82
Shri Dinesh (100)	06/85	1.03	7.94	870.87	450.00	460.00	320.00	217.48	2.07	20.00	4.44	76
Stan Mills (100)	12/86	11.05	32.57	394.75	317.50	532.50	280.00	44.07	7.20	16.00	5.04	82
DIVERSIFIED		**223.35**	**642.82**		**1135.02***			**48.23**	**10.17**		**19.96**	
Ahmed Adv (100)	06/86	3.46	3.18	191.91	56.00	85.00	00.00	32.95	1.70	0.00	0.00	81
Century (100)	12/86	26.62	117.19	540.23	670.00	750.00	600.00	59.95	11.18	20.00	2.99	
D.C.M. (10)	06/86	23.02	52.50	32.81	37.50	41.00	24.25	23.58	15.72	800.00	13.33	
EID-Parry (10)	06/86	6.28	4.31	16.86	21.50	21.50	16.25	16.72	12.86	10.00	4.65	
Escorts (10)	12/86	13.38	62.38	56.62	44.00	60.00	35.00	60.84	7.23	22.00	5.00	86
Forbs Camp (10)	06/86	4.25	3.83	19.01	32.00	60.00	30.00	22.82	14.02	20.00	6.25	82
Hind Devel (10)	12/86	8.20	72.15	97.99	80.00	97.00	67.00	91.95	8.70	20.00	2.50	86
Hyd Allwyn (10)	07/86	18.51	8.93	14.82	7.50	15.00	5.00	15.24	4.92	14.00	18.67	
Kesoram (10)	03/87	8.85	51.42	68.10	53.00	62.00	44.00	80.79	6.56	100.00	18.87	80
L & T (10)	09/86	51.97	132.36	35.47	73.00	98.00	67.00	59.01	12.37	17.00	2.33	86
Lohia (10)	10/86	13.50	8.64	16.40	29.00	34.00	13.00	34.74	8.35	20.00	6.90	80
Mac & Mag (10)	06/86	2.74	8.56	41.24	37.50	41.00	32.75	16.42	22.83	7.00	1.87	
Modi Ind (10)	03/85	2.17	11.90	64.84	25.00	31.50	17.00	162.67	1.54	18.00	7.20	69
Rallis (100)	05/86	5.64	16.58	393.97	620.00	775.00	500.00	76.42	8.11	35.00	4.03	77
Reck & Col (10)	01/87	4.20	9.13	31.74	168.00	197.00	147.00	99.05	16.96	25.00	1.49	85
Straw Prod (10)	12/86	10.14	32.68	42.23	47.00	57.00	39.00	63.21	7.43	20.00	4.26	72
Texmaco (10)	12/86	1.87	11.06	69.14	17.25	27.25	14.25	–208.56	0.00	0.00	0.00	
Voltas (100)	08/86	12.78	21.36	267.14	295.00	295.00	200.00	24.41	12.08	10.00	3.39	81
Zenith (10)	06/86	5.77	14.66	35.41	48.00	70.00	41.00	69.67	6.89	30.00	6.25	79
DYESTUFFS		**16.55**	**23.84**		**47.47***			**12.99**	**22.08**		**4.40**	
Coates (10)	10/85	1.11	1.75	25.77	52.50	55.50	00.00	45.05	11.66	21.00	4.00	86
Col-Chem (100)	03/86	7.94	8.88	211.84	345.00	390.00	265.00	18.26	18.89	14.00	4.06	
Ind Dyest (100)	03/86	7.50	13.21	276.13	190.00	210.00	165.00	2.67	71.25	10.00	5.26	80
ELECTRICALS		**81.81**	**164.89**		**344.76***			**27.96**	**15.07**		**2.79**	
Asea (10)	12/86	3.00	4.18	23.93	57.00	100.00	52.00	16.67	34.20	15.00	2.63	80
Asian Cab (100)	12/86	3.06	5.00	263.40	440.00	440.00	230.00	41.83	10.52	1.70	0.39	81
Best & Crom (10)	12/86	4.72	18.65	49.51	38.00	57.00	28.00	19.28	19.71	15.00	3.95	82
Eng Elec (10)	03/86	4.50	15.13	43.62	110.00	138.00	60.00	98.00	11.22	27.50	2.50	80
GEC (10)	03/86	7.20	15.91	32.10	40.00	66.25	39.00	33.75	11.85	15.00	3.75	72
Genelec (10)	06/86	2.16	4.06	28.80	92.50	247.50	62.50	90.28	10.25	25.00	2.70	84
Hind Brown (100)	04/86	4.00	10.07	351.75	235.00	420.00	235.00	35.75	6.57	15.00	6.38	78
Math & Platt (10)	06/86	6.40	5.67	18.86	80.00	102.50	65.00	49.38	16.20	17.00	2.12	86
Punj Anand (10)	09/85	0.80	0.22	12.75	5.50	10.50	5.50	21.25	2.59	5.10	9.27	
Siemens (10)	9/86	10.80	32.74	40.31	72.00	112.00	68.00	39.26	18.34	16.00	2.22	82
Stand Batt (100)	06/85	1.02	4.56	547.06	500.00	500.00	500.00	114.71	4.36	18.00	3.60	70
Uni Carb (10)	12/85	32.58	36.11	21.08	15.25	20.75	12.00	0.40	382.19	5.00	3.28	80
W.S. Insul (10)	09/85	1.57	12.59	90.19	28.00	35.00	27.00	69.43	4.03	18.00	6.43	
ELECTRICITY		**61.17**	**258.80**		**107.12***			**43.24**	**4.05**		**9.25**	
Ahmd Elec (100)	03/86	15.10	56.46	473.91	140.00	140.00	132.00	30.53	4.59	16.00	11.43	
And Valley (100)	03/86	9.32	25.72	375.97	172.50	192.50	155.00	19.10	9.03	16.00	9.28	75
B.S.E.S (100)	03/86	5.85	56.21	1060.85	140.00	190.00	137.50	108.38	1.29	18.00	12.86	81
Cal Elec (10)	03/86	8.44	54.96	75.12	14.30	15.00	13.20	111.85	1.28	16.00	11.19	
Tata Hydro (100)	03/86	6.55	18.38	380.61	175.00	200.00	160.00	18.63	9.40	16.00	9.14	75
Tata Power (100)	03/86	15.91	47.07	395.85	214.00	310.00	205.00	19.23	12.48	16.00	6.67	75
ELECTRONICS		**45.64**	**33.43**		**185.02***			**-5.72**	**0.00**		**2.56**	
Gramophone (10)	03/85	1.80	–2.81	–5.61	6.94	11.50	5.87	-262.78	0.00	0.00	0.00	76
Nelco (100)	12/86	3.18	0.24	107.55	130.00	131.25	60.00	–39.31	0.00	0.00	0.00	
Peico (10)	12/86	33.32	31.40	19.42	46.50	57.50	36.00	1.41	329.66	10.00	[illegible]	82
Samtel (10)	12/86	3.02	3.62	21.95	67.50	73.75	13.75	74.26	9.09	25.00	[illegible]	
Usha Rect (10)	12/86	4.31	0.98	12.27	9.85	18.25	9.85	15.08	6.53	15.00	[illegible]	83
ENGINEERING		**143.79**	**237.40**		**939.06***			**38.53**	**15.30**		**1.95**	
Andrew Yule (10)	03/86	7.53	12.45	26.53	19.50	24.50	16.00	[illegible]	6.28	[illegible]	[illegible]	[illegible]
Atlas Copco (10)	12/85	4.83	8.53	27.66	120.00	156.00	105.00	[illegible]	[illegible]	16.00	[illegible]	[illegible]
Avery India (10)	12/85	4.20	5.62	23.38	129.00	167.00	112.00	[illegible]	[illegible]	35.00	[illegible]	
C.P. Tools (10)	01/87	4.57	7.57	265.65	620.00	630.00	370.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elecon Engg (10)	12/86	3.53	25.13	81.19	70.00	125.00	67.50	118.98	5.88	[illegible]	[illegible]	[illegible]
Facit Asia (10)	06/86	1.91	2.17	21.36	32.00	36.00	[illegible]	45.55	[illegible]	[illegible]	[illegible]	[illegible]

Note Eq equity capital Res reserves EPS earnings per share PE price to earnings Div dividend Yr
* market capitalisation in Rs crores

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 3.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
		(Rs in crores)				High	Low					Yr	Ratio
Flakt (10)	12/86	3.40	2.05	16.03	48.75	50.00	10.88	35.88	13.59	18.00	3.69	86	1 : 3
GKW (10)	12/86	24.06	20.60	18.56	11.30	15.40	10.60	2.16	52.28	5.00	4.42	83	1 : 3
IAEC (10)	09/85	0.74	1.70	32.97	11.00	19.50	11.00	20.27	5.43	12.00	10.91	853 : 5	
Ind Sewing (10)	06/86	2.00	7.43	47.15	52.00	65.00	48.75	327.00	1.59	20.00	3.85		
Inger Rand (10)	12/86	7.90	13.25	26.77	335.00	350.00	265.00	97.09	34.50	25.00	0.75	85	1 : 1
Kelvinator (10)	06/86	3.55	17.59	59.55	38.00	54.00	32.00	94.93	4.00	15.00	3.95	84	1 : 1
Kirl Cumm (100)	09/86	13.20	45.67	445.98	48.75	97.50	40.00	60.98	0.80	20.00	41.03	83	1 : 1
Kirl Oil (10)	06/86	5.75	12.98	32.57	17.00	20.50	13.00	59.83	2.84	12.50	7.35		
Kirl Pneu (10)	09/85	3.85	3.37	18.75	9.50	12.00	9.00	3.64	26.12	0.00	0.00		
KSB Pumps (10)	12/86	4.36	7.62	27.48	355.00	375.00	220.00	117.20	30.29	20.00	0.56	86	1 : 1
Metalbox (10)	03/86	12.23	6.67	15.45	10.50	17.00	9.00	11.53	9.11	0.00	0.00		
Modi Xerox (10)	04/86	12.48	0.00	10.00	17.00	18.00	12.00	-48.00	0.00	0.00	0.00		
Otis (10)	11/86	5.04	7.05	23.99	220.00	250.00	155.00	56.35	39.04	22.50	1.02	85	1 : 1
Rem Rand (10)	03/86	2.67	3.30	22.36	25.00	33.00	21.00	39.33	6.36	18.00	7.20	86	1 : 2
Sandvik (100)	12/86	5.77	5.13	188.91	845.00	900.00	745.00	27.90	30.28	20.00	2.37	84	1 : 1
Tata Robins (10)	03/86	2.01	2.98	24.83	32.50	47.00	26.00	30.85	10.54	16.00	4.92	77	1 : 4
Vulcan Laval (10)	12/86	5.21	13.21	35.36	67.00	70.00	45.00	38.58	17.37	16.00	2.39	86	1 : 2
Walchand (10)	03/86	3.00	5.33	27.77	11.75	21.00	11.00	44.00	2.67	16.00	13.62	82	1 : 2
FERTILISERS		**202.66**	**432.52**		**1051.56***			**71.67**	**7.24**		**3.57**		
Coromandel (10)	03/86	16.21	47.96	39.59	42.00	65.00	39.00	62.80	6.69	20.00	4.76		1 : 2
Deepak Fert (10)	12/86	11.50	2.05	18.78	38.00	46.50	33.00	51.30	7.41	15.00	3.95		
Dharam Mor (50)	12/86	6.42	10.20	25.89	25.00	36.00	23.00	25.70	9.73	20.00	8.00		
GNFC (10)	06/86	88.98	93.05	20.46	42.00	60.50	36.00	81.42	5.16	18.00	4.29		
GSFC (10)	12/86	20.70	142.40	78.79	135.50	183.50	113.00	111.01	12.21	27.00	1.99	83	1 : 4
Mangal Fert (10)	12/86	12.42	13.87	21.17	29.50	39.50	27.50	87.44	3.37	12.00	4.07		
SPIC (10)	12/86	34.00	74.84	32.01	44.00	56.00	34.00	36.94	11.91	15.00	3.41	86	1 : 1
Zuari Agro (10)	12/86	12.43	48.15	48.74	67.00	88.00	56.00	69.75	9.61	25.00	3.73		
FOOD PRODUCTS		**50.20**	**101.64**		**690.96***			**62.25**	**22.11**		**2.02**		
Britannia (10)	11/86	8.85	19.59	32.14	111.00	135.00	83.00	83.16	13.35	27.00	2.43	87	2 : 5
Corn Prod (10)	9/86	0.75	1.09	24.53	30.00	65.00	21.25	65.33	4.59	14.00	4.67	78	1 : 4
Food Spec (10)	12/86	19.08	14.36	17.53	145.00	190.00	112.50	54.56	26.58	32.50	2.24	86	1 : 1
Hind Cocoa (10)	06/86	4.20	8.17	29.45	187.50	262.50	168.75	79.52	23.58	28.00	1.49	85	2 : 3
HMM (10)	04/86	7.09	6.68	19.42	235.00	260.00	202.50	75.88	30.97	43.00	1.83	85	3 : 8
McDowell (10)	06/86	6.40	37.02	67.84	83.00	84.00	20.75	22.03	37.67	10.00	1.20	86	1 : 1
Milk Food (10)	12/85	0.57	3.31	68.07	97.50	115.00	70.00	131.58	7.41	15.00	1.54		
Skol Brew (10)	06/85	1.26	1.45	21.51	30.00	35.00	30.00	62.70	4.78	10.00	3.33	82	2 : 5
United Brew (10)	06/86	2.00	9.97	59.85	30.00	35.50	27.50	66.00	4.55	10.00	3.33	75	1 : 1
IRON & STEEL		**132.14**	**383.22**		**821.87***			**100.09**	**6.21**		**3.03**		
Bihar Alloy (10)	12/86	7.00	10.90	25.57	11.00	18.00	9.00	11.43	9.62	0.00	0.00		
Ipitata (10)	00/00	12.00	0.00	10.00	14.50	90.00	12.00	0.00	0.00	0.00	0.00		
Jindal Iron (10)	09/86	1.68	0.22	11.31	10.00	21.00	8.00	7.14	14.00	10.00	10.00		
Kalyani Steel (10)	08/86	1.12	6.27	65.98	200.00	207.50	110.00	222.32	9.00	25.00	1.25	83	1 : 1
Mah Ugine (10)	06/86	7.30	14.38	29.70	59.00	59.00	27.00	57.40	10.28	15.00	2.54		
Mukand (10)	6/86	9.83	9.17	19.33	74.00	81.00	62.00	51.68	14.32	15.00	2.03	0.00	0 : 0
Rathi Alloys (10)	06/86	2.88	4.11	24.27	10.00	17.50	9.00	46.53	2.15	10.00	10.00		
Spec Steel (100)	12/86	7.59	3.98	152.44	522.50	615.00	270.00	139.13	3.76	12.00	2.30		
Tisco (100)	03/86	82.74	334.19	503.90	742.50	742.50	446.00	130.14	5.71	25.00	3.37	82	2 : 5
LEASING & FIN		**29.69**	**25.20**		**52.00***			**46.14**	**3.80**		**11.62**		
20th Cent (10)	11/86	6.34	10.86	27.13	20.00	35.00	16.00	59.78	3.35	27.00	13.50	85	2 : 5
Cifco (10)	00/00	4.00	0.00	10.00	6.00	11.00	6.00	0.00	0.00	0.00	0.00		
First Leas (10)	11/85	1.25	2.89	33.12	14.00	27.50	14.00	89.60	1.56	21.00	15.00		
Mazda Leas (10)	06/86	2.45	1.14	14.65	19.00	31.00	14.00	51.84	3.67	22.50	11.84		
Nagarju Fin (10)	09/86	2.44	1.92	17.87	12.00	16.00	10.00	54.92	2.19	23.00	19.17		
Press Leas (10)	09/86	2.46	1.66	16.75	10.00	18.00	9.50	50.41	1.98	23.00	23.00		
Ross Mur (10)	06/86	4.75	2.49	15.24	15.00	31.00	12.50	46.32	3.24	25.00	16.67		
Sund Fin (10)	12/85	6.00	4.24	17.07	30.00	35.00	28.25	45.67	6.57	20.00	6.67	86	1 : 1
PAINTS		**12.86**	**34.63**		**205.17***			**105.68**	**15.10**		**1.82**		
Asian Paints (10)	12/86	8.30	28.16	43.93	218.75	280.00	197.50	138.80	15.76	35.00	1.60	85	3 : 5
Garwa Paints (10)	06/86	1.32	2.09	25.83	28.50	31.00	26.00	44.70	6.38	14.00	4.91	81	1 : 4
Good Nerol (10)	06/86	3.24	4.38	23.52	61.25	100.00	55.00	35.68	13.41	20.00	3.27	78	5 : 7
PAPER		**37.10**	**136.24**		**145.83***			**78.11**	**5.03**		**5.13**		
Andh Paper (100)	06/86	5.62	11.25	300.18	80.00	160.00	70.00	43.24	1.85	16.00	20.00	80	1 : 4
Balkrishna (10)	03/86	1.20	4.16	44.67	92.50	115.00	82.50	124.17	7.45	20.00	2.16	85	1 : 1
Ballarpur Ind (10)	06/86	13.98	69.64	59.81	52.00	61.00	44.00	106.80	4.87	22.00	4.23	81	1 : 5
Bhadrachal (10)	09/86	10.57	12.65	21.97	36.00	54.00	29.00	65.18	5.52	20.00	5.56		
Orient (10)	03/86	5.73	38.54	77.26	34.00	74.00	31.00	56.54	6.01	20.00	5.88	77	1 : 2
PESTICIDES		**9.24**	**8.94**		**19.55***			**-32.36**	**0.00**		**3.32**		
Excel Ind (10)	09/86	4.62	6.78	24.68	20.00	30.00	17.00	10.39	19.25	10.00	5.00	84	4 : 5
Ficom (10)	09/86	0.64	2.04	41.88	130.00	140.00	86.25	237.50	5.47	30.00	2.31	87	1 : 1
Volhrho (10)	09/85	3.98	0.12	10.30	5.00	7.00	0.00	-125.38	0.00	0.00	0.00		
PHARMACEUTICALS		**143.22**	**250.81**		**874.26***			**41.20**	**14.82**		**2.64**		
Abbot Lab (10)	04/85	2.25	2.57	21.42	56.00	72.50	44.00	20.89	26.81	14.00	2.50		
Alembic Ch (100)	05/86	3.45	6.49	288.12	97.50	137.50	90.00	42.90	2.27	15.00	15.38		
Ambalal Sar (10)	06/85	22.19	30.35	23.68	8.00	14.75	6.75	45.74	1.75	0.00	0.00	81	1 : 5
Astra Idl (10)	06/86	2.50	1.43	15.72	34.00	57.00	31.00	28.80	11.81	10.00	2.94		
Boehringer (10)	04/86	1.00	1.20	22.00	34.00	60.00	32.00	69.00	4.93	10.00	2.94		
Boots (10)	12/86	4.05	8.98	32.17	220.00	310.00	182.50	76.30	28.83	32.00	1.45	84	3 : 5
Burroughs (10)	08/86	3.00	11.33	47.77	58.75	103.75	50.00	55.00	10.68	25.00	4.26	842 : 1	
E Merck (10)	12/86	4.40	2.89	16.57	50.00	50.00	15.94	37.95	13.17	15.00	3.00	86	3 : 5
Eskayef (10)	11/86	5.00	12.22	34.44	190.00	247.50	163.75	102.40	18.55	25.00	1.32		
German Rem (10)	12/85	3.26	3.36	20.31	34.00	63.00	32.00	18.40	18.47	14.00	4.12	82	3 : 5
Glaxo (10)	06/86	20.00	26.48	23.24	60.00	82.00	49.00	14.75	40.68	18.00	3.00	80	1 : 3
Hind Ciba (100)	12/86	17.71	28.53	261.10	420.00	490.00	355.00	29.59	14.20	18.00	4.29	80	1 : 2
Hoechst (100)	12/86	9.58	24.99	360.86	600.00	940.00	440.00	27.14	22.11	20.00	3.33	82	1 : 2
Jayant Vit (10)	06/85	1.35	2.68	29.85	64.00	87.00	60.00	201.48	3.18	15.00	2.34		
Max India (10)	09/86	2.00	0.28	11.40	30.00	49.00	27.00	46.00	6.52	15.00	5.00		
May & Baker (10)	12/86	4.50	6.06	23.47	30.00	69.00	27.00	11.56	25.96	5.00	1.67		
Merind (10)	12/85	1.80	1.49	18.28	33.00	42.00	28.50	12.22	27.00	10.00	3.03		
Nicholas Lab (10)	06/86	1.46	1.64	21.23	46.00	53.75	32.50	13.70	33.58	15.00	3.26		
Parke Davis (10)	11/86	3.36	3.79	21.28	40.00	66.00	38.00	37.80	10.58	25.00	6.25		
Pfizer (10)	09/85	11.72	16.50	24.08	53.00	93.00	38.00	18.43	28.76	20.00	3.77	77	4 : 5
Ranbaxy (10)	12/86	3.07	12.49	50.68	92.00	135.00	71.00	83.71	10.99	20.00	2.17	80	1 : 1
Rich Hind (10)	06/86	3.71	4.30	21.59	305.00	326.25	210.00	79.78	38.23	40.00	1.31	85	1 : 2
Sandoz (10)	12/86	4.50	16.40	46.44	68.75	140.00	57.60	55.78	12.33	16.00	2.33	84	2 : 7
Searle (10)	12/86	3.48	13.02	47.41	105.00	240.00	92.50	109.20	9.62	20.00	1.90	86	1 : 1
Unichem (100)	09/85	0.90	7.93	981.11	40.00	45.00	40.00	92.22	0.43	20.00	50.00	80	1 : 4
Warner Hind (10)	11/86	2.98	3.41	21.44	55.00	90.00	44.00	63.76	8.63	25.00	4.55		3 : 10
PLASTICS		**18.71**	**33.90**		**105.71***			**57.46**	**9.83**		**3.51**		
Bajaj Plas (10)	12/86	1.50	4.75	41.67	33.00	67.50	31.00	72.00	4.58	20.00	6.06	86	1 : 1
Bake Hylam (10)	06/86	4.50	7.70	27.11	27.00	37.00	24.50	37.33	9.88	18.00	6.67	80	2 : 3
Garwa Plas (10)	06/86	5.81	11.83	30.36	77.00	98.00	69.00	71.77	10.73	20.00	2.60		
Sup Indus (100)	06/86	0.90	4.61	612.22	2675.00	2900.00	1700.00	218.89	12.22	27.00	1.01	86	4 : 5
V I P Ind (10)	07/86	6.00	5.01	18.35	33.00	61.50	26.00	38.33	8.61	20.00	6.06		0 : 0
SHIPPING		**82.48**	**53.08**		**150.85***			**53.37**	**3.43**		**5.81**		
Dempo St (100)	06/85	2.00	-9.83	-391.50	65.00	65.00	65.00	00.00	0.00	0.00	0.00		
Essar Ship (10)	12/86	24.65	31.83	22.91	21.00	35.50	17.50	30.39	6.91	20.00	9.52		
Great East (10)	06/86	31.94	27.67	18.66	26.50	29.25	16.75	22.17	11.95	12.00	4.53	83	2 : 3
India Steam (10)	03/86	4.95	0.10	10.20	5.50	7.00	5.00	0.00	0.00	0.00	0.00		
Scindia (10)	06/86	18.94	3.31	11.75	5.50	7.75	2.75	155.49	0.35	0.00	0.00	77	2 : 5
SYNTHETIC TEXT		**205.22**	**709.95**		**1378.48***			**54.66**	**11.53**		**3.25**		
Baroda Ray (100)	12/85	12.14	21.96	280.89	270.00	270.00	177.00	39.13	6.90	18.00	6.67	82	1 : 2
Bharat Com (10)	12/85	3.75	4.90	23.07	15.25	17.75	00.00	17.07	8.94	0.00	0.00	82	1 : 2
Cen Enka (100)	12/86	11.86	78.76	764.08	890.00	1160.00	815.00	89.12	9.99	34.00	3.82	85	1 : 2
Garware Nyl (10)	08/86	9.72	16.53	27.01	26.50	36.00	20.50	14.40	18.40	15.00	5.66	82	1 : 2
Grasim (10)	03/86	21.59	97.61	55.21	101.00	101.00	80.00	60.77	16.62	24.00	2.38		
Indian Rayon (10)	06/86	6.87	40.72	69.27	57.00	77.00	50.00	106.55	5.35	28.00	4.91	80	1 : 4
IOC (10)	03/86	12.46	21.68	27.40	48.00	78.00	41.00	65.01	7.38	18.00	3.75	85	1 : 2
J K Synth (10)	03/86	25.25	91.83	46.37	47.00	93.50	39.50	162.81	2.89	20.00	4.26	83	1 : 3
Nat Ray (100)	06/86	6.01	5.39	189.68	70.00	100.00	50.00	-121.96	0.00	0.00	0.00	72	1 : 4
Nirlon (10)	09/86	10.46	24.01	32.95	13.50	26.00	11.00	25.81	5.23	22.50	16.67	82	1 : 2
Orkay (10)	03/86	16.15	25.10	25.54	34.00	115.00	29.50	42.97	7.91	25.00	7.35		
Reliance (10)	12/86	51.61	254.12	59.24	125.00	277.00	110.00	27.46	45.53	25.00	2.00	83	3 : 5
S I Viscose (100)	03/86	7.35	7.17	197.55	290.00	300.00	245.00	41.22	7.03	18.00	6.21	76	1 : 2
Shriram Fib (10)	09/86	6.10	14.25	33.36	29.00	36.00	20.00	49.34	5.88	18.00	6.21	83	1 : 2
Swad Poly (10)	09/85	3.90	5.92	25.18	40.00	80.00	40.00	67.95	5.89	25.00	6.25		
TEA		**94.15**	**255.85**		**684.54***			**74.88**	**9.71**		**3.40**		
Assam Co (10)	06/85	7.00	10.12	24.46	113.00	130.00	64.50	143.43	7.88	32.50	2.88	85	1 : 1
Assam Front (10)	06/86	3.00	4.93	26.43	76.50	87.00	64.50	50.67	15.10	30.00	3.92		
Bom Burm (100)	09/85	5.52	16.73	403.08	230.00	330.00	225.00	78.08	2.95	25.00	10.87	78	1 : 4
Brooke Bond (10)	06/86	12.86	26.25	30.41	91.50	99.00	76.00	86.24	10.61	0.00	0.00		3 : 5
Dom Dooma (10)	12/86	3.50	9.99	38.54	64.50	83.50	62.50	80.29	8.03	40.00	6.20	84	1 : 1
Dun Agro (100)	12/85	2.03	12.51	716.26	267.00	267.00	153.00	116.26	2.30	30.00	11.24		
George Will (10)	06/86	6.30	17.12	37.17	83.00	107.50	79.00	44.92	18.48	27.50	3.31	85	4 : 5
Goodrickes (10)	06/86	3.60	18.51	61.42	80.00	96.50	37.00	137.50	5.82	65.00	8.12		
Harrison Mal (10)	03/86	6.50	13.08	30.12	48.00	57.00	41.00	49.85	9.63	25.00	5.21	85	1 : 1
Jayashree (10)	03/86	6.15	41.00	76.67	47.50	49.50	34.00	12.20	38.95	13.00	2.74	85	1 : 2
Lipton (10)	06/86	12.75	5.02	13.19	65.00	79.50	57.00	39.56	16.43	15.00	2.31		
McLeod Russ (10)	06/86	3.12	18.03	67.79	86.00	200.00	83.00	194.23	4.43	70.00	8.14	84	1 : 4
Tata Tea (10)	12/86	10.52	44.69	52.48	98.00	116.50	89.00	80.32	12.20	30.00	3.06	79	1 : 3
Tea Estates (10)	06/86	4.40	12.17	37.66	66.50	80.50	50.50	75.00	8.87	35.00	5.26	85	1 : 1
Warren Tea (10)	03/86	3.90	5.70	24.62	54.00	70.00	50.00	65.64	8.23	25.00	4.63	85	1 : 5
TRADING		**17.35**	**39.62**		**114.33***			**73.14**	**9.01**		**3.36**		
Batliboi (10)	09/85	1.56	3.49	32.37	19.50	26.50	17.50	39.10	4.99	8.00	4.10		0 : 0
Blow Plast (10)	07/86	1.00	1.69	26.90	117.50	126.00	92.50	57.00	20.61	25.00	2.13	83	2 : 3
Blue Star (10)	06/86	2.22	6.53	39.41	55.00	102.50	47.50	100.00	5.50	22.00	4.00	83	3 : 5
Grea Cott (100)	06/86	6.57	14.11	314.76	242.50	265.00	230.00	71.84	3.38	18.00	7.42	77	1 : 2
Shaw Wal (10)	06/85	6.00	13.80	33.00	119.00	170.00	104.00	76.17	15.62	30.00	2.52	81	1 : 2
TYRES & TUBES		**71.50**	**145.98**		**388.03***			**72.32**	**7.50**		**2.69**		
Apollo Tyres (10)	10/86	7.75	0.65	10.84	24.00	24.00	12.00	120.13	2.00	0.00	0.00		
Ceat (100)	06/86	9.31	59.40	73.80	52.50	70.00	45.00	73.15	7.18	21.00	4.00	86	1 : 2
Dunlop (10)	12/85	18.98	29.76	25.68	76.00	77.00	70.00	46.58	16.32	11.50	1.51		
Goodyear (10)	12/86	7.46	11.56	25.50	76.00	85.00	67.00	149.06	5.10	25.00	3.29	77	2 : 5
J.K. Ind (10)	06/86	13.76	2.20	11.60	31.00	36.00	28.00	73.04	4.24	10.00	3.23		
Modi Rubber (10)	04/86	10.38	27.66	36.65	44.00	44.00	33.00	26.30	16.73	20.00	4.55	86	2 : 5
MRF (10)	09/86	3.86	14.75	48.31	81.00	82.00	63.00	73.83	10.97	25.00	3.09	75	1 : 2
MISCELLANEOUS		**92.10**	**188.83**		**469.73***			**44.88**	**11.27**		**3.40**		
Bata (10)	12/86	5.25	13.20	35.14	131.00	157.00	112.00	43.05	30.43	20.00	1.53	84	2 : 5
Bharat Forge (10)	09/86	4.96	19.15	48.61	82.00	88.00	63.00	97.78	8.39	25.00	3.05	81	1 : 1
Consol Cof (10)	06/86	5.01	8.00	25.97	50.50	67.50	43.00	48.90	10.33	22.00	4.36	82	1 : 2
E I. Hotels (10)	03/86	17.34	52.97	40.55	48.00	58.00	41.00	56.92	8.43	20.00	4.17	84	2 : 5
F G P. (10)	03/86	3.26	4.00	22.27	66.00	77.50	51.00	41.10	16.06	20.00	3.03	79	1 : 2
Hawk Cook (10)	09/86	1.84	1.86	20.11	20.00	37.00	16.00	36.96	5.41	20.00	10.00	81	3 : 5
Indag Rub (10)	06/85	2.72	0.15	10.55	9.50	11.50	7.00	-12.50	00.00	0.00	0.00		
Ind Foils (10)	06/86	2.62	5.59	31.34	75.00	150.00	58.00	69.08	10.86	21.30	2.84	82	1 : 4
Ind Cards (10)	03/86	3.25	2.42	17.45	25.00	29.00	18.50	35.38	7.07	20.00	8.00	81	1 : 2
Ind Hotels (10)	03/86	7.85	28.70	46.56	90.00	107.50	62.50	52.36	17.19	25.00	2.78	82	2 : 5
Ind Photo (10)	12/86	1.00	1.98	29.80	90.00	130.00	37.50	37.00	24.32	20.00	2.22	83	1 : 1
Light Met Ind (10)	00/00	6.14	0.00	10.00	18.12	25.63	14.00	0.00	00.00	0.00	0.00		
Tata Press (10)	03/86	1.25	3.74	39.92	78.50	90.00	72.50	77.60	10.12	25.00	3.18		
Tinplate (10)	03/86	10.14	3.29	13.24	20.75	34.00	20.75	25.05	8.28	10.00	4.82		
Tube Inv (10)	12/86	5.73	18.88	42.95	26.25	34.00	24.00	38.57	6.81	16.00	6.10	85	1 : 3
United Diam (10)	06/85	1.63	1.80	21.04	9.00	18.00	8.00	45.40	1.98	25.00	27.78		
Widia (100)	12/86	3.66	8.64	336.07	790.00	825.00	600.00	59.56	13.26	15.00	1.90	85	1 : 1
Wimco (10)	12/86	8.45	14.46	27.11	34.50	57.00	30.00	48.99	7.04	18.00	5.52	70	1 : 5
Market total/average		**2733.00**	**6073.71**		**15,340.55***			**51.97**	**10.46**		**4.33**		

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year; * market capitalisation in Rs crores.

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year; * market capitalisation in Rs crores.

DATA COMPILED AND UPDATED WITH THE HELP OF OM PRAKASH SEHGAL

Deposits

Company fixed deposits (current for July 1987)

Name of the company	Minimum Amount	Rate of interest		
		1 year	2 year	3 year
ACC	3000	12.00	13.00	14.00
Asian Paints	5000	14.00	14.00	14.00
Bhadrachalam Paperboards	3000	—	—	14.00
Bombay Dyeing	3000	—	14.00	14.00
Coimbatore Pioneer Mills	1000	13.00	14.00	14.00
Carona	2000	—	14.00	14.00
CPEC Ltd	3000	—	14.00	14.00
Cable Corpn	3000	14.00	14.00	14.00
Crompton Greaves	3000	11.00	12.50	14.00
DCM Ltd	5000	12.00	13.00	14.00
Dunlop	3000	14.00	14.00	14.00
East India Pharmaceuticals	1000	13.00	13.50	14.00
Food Specialities	5000	—	—	14.00
GNFC	3000	—	12.50	14.00
German Remedies	5000	14.00	14.00	14.00
Goodyear	3000	—	—	14.00
GKW	2000	—	—	14.00
Hindustan Alloys	3000	13.00	13.50	14.00
Hico Products	4000	13.50	14.00	14.00
India Equipment Leasing	5000	13.00	—	14.00
Jaybharat Credit	3000	13.00	13.50	14.00
J.K. Industries	3000	—	13.50	14.00
Kirloskar Cummins	3000	12.00	13.00	14.00
Kothari Orient	2000	13.50	14.00	14.00
Khatau Makanji	3000	—	13.00	14.00
MGF	2000	14.00	14.00	14.00
Modi Cement	2000	13.00	13.50	14.00
Mazda Leasing	3000	13.00	14.00	14.00
Macneil & Magor	4000	—	13.50	14.00
Nagarjuna Investment	2000	14.00	14.00	14.00
Panyam Cements	2000	13.50	14.00	—
Premier Breweries	3000	11.00	13.00	14.00
Parke-Davis	3000	—	—	14.00
Raptakos Brett	2000	13.00	13.50	14.00
Rollatainers	2000	14.00	14.00	14.00
Sandoz	5000	14.00	14.00	14.00
Siemens	5000	14.00	14.00	14.00
Sipta Coated	2000	13.00	13.50	14.00
Swadeshi Polytex	3000	14.00	14.00	14.00
S&S Bushings	2000	13.00	13.50	14.00
Sanmar Financial	2000	14.00	14.00	14.00
Sundaram Finance	3000	12.00	13.50	14.00
SPIC	3000	—	13.50	14.00
SAIL	2000	11.50	12.50	13.50
Stewarts & Lloyds	3000	—	—	14.00
Siyaram Silk	3000	12.00	13.00	14.00
Straw Products	3000	13.00	13.50	14.00
TIEM Ltd	5000	—	13.00	14.00
Tubes & Malleables	5000	14.00	14.00	14.00
Tata Tea	3000	—	—	14.00
Universal Luggage	2000	13.50	14.00	14.00

Cumulative deposit schemes (current for July 1987)

Name of the company	Minimum deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
1	2	3	4	5
ACC	3000	4503	3	14.50
Asian Paints	5000	7504	3	14.49
Bhadrachalam Paperboards	3000	4551	3	14.90
Bata	3000	4503	3	14.50
Coimbatore Pioneer Mills	2000	3020	3	14.73
Carona	2000	3022	3	14.88
Dunlop	3000	4535	3	14.75
Food Specialities	5000	7500	3	14 47
Goodyear	3000	4502	3	14.49
GNFC	3000	4503	3	14.50
Hind Alloys	3000	4533	3	14.75
Hico Products	3000	4555	3	14.94
India Equipment Leasing	5000	7575	3	14.85
JK Inds	3000	4500	3	14.47
Kirloskar Cummins	3000	4533	3	14.75
Kothari Orient	2000	3037	3	14.94
Khatau Makanji	3000	4533	3	14.75
Modi Cement	2000	3022	3	14.88
Mazda Leasing	3000	4554	3	14.93
Nagarjuna Invest	1000	1518	3	14.93
Panyam Cement	2000	3036	3	14.93
Premier Breweries	1000	1510	3	14.93
Rollatainers	2000	3001	3	14.48
S&S Bushings	1000	1518	3	14.93
Sanmar Financial	2000	3030	3	14.85
SPIC	3000	4530	3	14.73
SAIL	2000	3000	3	14.47
Siyaram Silks	3000	4533	3	14.75
Straw Products	3000	4500	3	14.47
Sipta Coated	2000	3036	3	14.93
Swadeshi Polytex	3000	4533	3	14.75
TIEM Ltd	5000	7555	3	14.75
Universal Luggage	2000	3036	3	14.93
Western India Ltd	1000	1518	3	14.93

Note: The list given above is selection of many companies which accept deposits either from their shareholders or from the public. Public companies offer somewhat lower rates compared to many quite sound private limited companies or partnerships. Readers are advised to take suitable professional advice.

Exchange

Foreign exchange

Country	Value of	Rupees*
Australia	1 dollar	9.28
France	1 franc	2.11
West Germany	1 mark	7.03
Hong Kong	1 dollar	1.66
Italy	1 000 lira	9.71
Japan	100 yen	8.68
Kenya	1 shilling	0.80
Kuwait	1 dinar	45.69
Malaysia	1 ringgit	5.11
Mexico	100 pesos	0.96
Netherlands	1 guilder	6.24
Nigeria	1 naira	3.01
Saudi Arabia	1 riyal	3.45
Singapore	1 dollar	6.10
Switzerland	1 franc	8.45
UAE	1 dirham	3.53
UK	1 pound	20.85
USA	1 dollar	12.95

* *Indicative interbank middle rates as on 6 July 1987.*

The dollar rally continued through the fortnight due to the belief that capital was being placed in the US and that the dollar had bottomed out. Talk of a slow improvement in the US trade and budget deficit has seen the dollar stabilise at higher levels. The dollar traded between DM 1.8250 and 1.8450 and 145.50 and 149.50 yen. The exchange rate stability pact advocated by the Group of Seven seems to have been taken seriously. Trading ranges have narrowed and the fear of intervention by the Central Bank poses, as always, a threat.

Sterling dipped to below $1.59 before intervention by the Bank of England helped raise the currency. News of OPEC controlling output and higher oil prices helped sterling recover to $1.62.

Statements from bank of Japan officials that they would not intervene to stem the dollar rise but that they firmly believed in exchange rate stability, seem to have helped the dollar head towards 150 yen and DM 1.85.

The rupee traded in a range of $7.71-7.78 to Rs 100. Exporters were booking their near term receivables at the lower end. Importers could take this opportunity of low forward premiums and a stronger dollar to book their continental payables.

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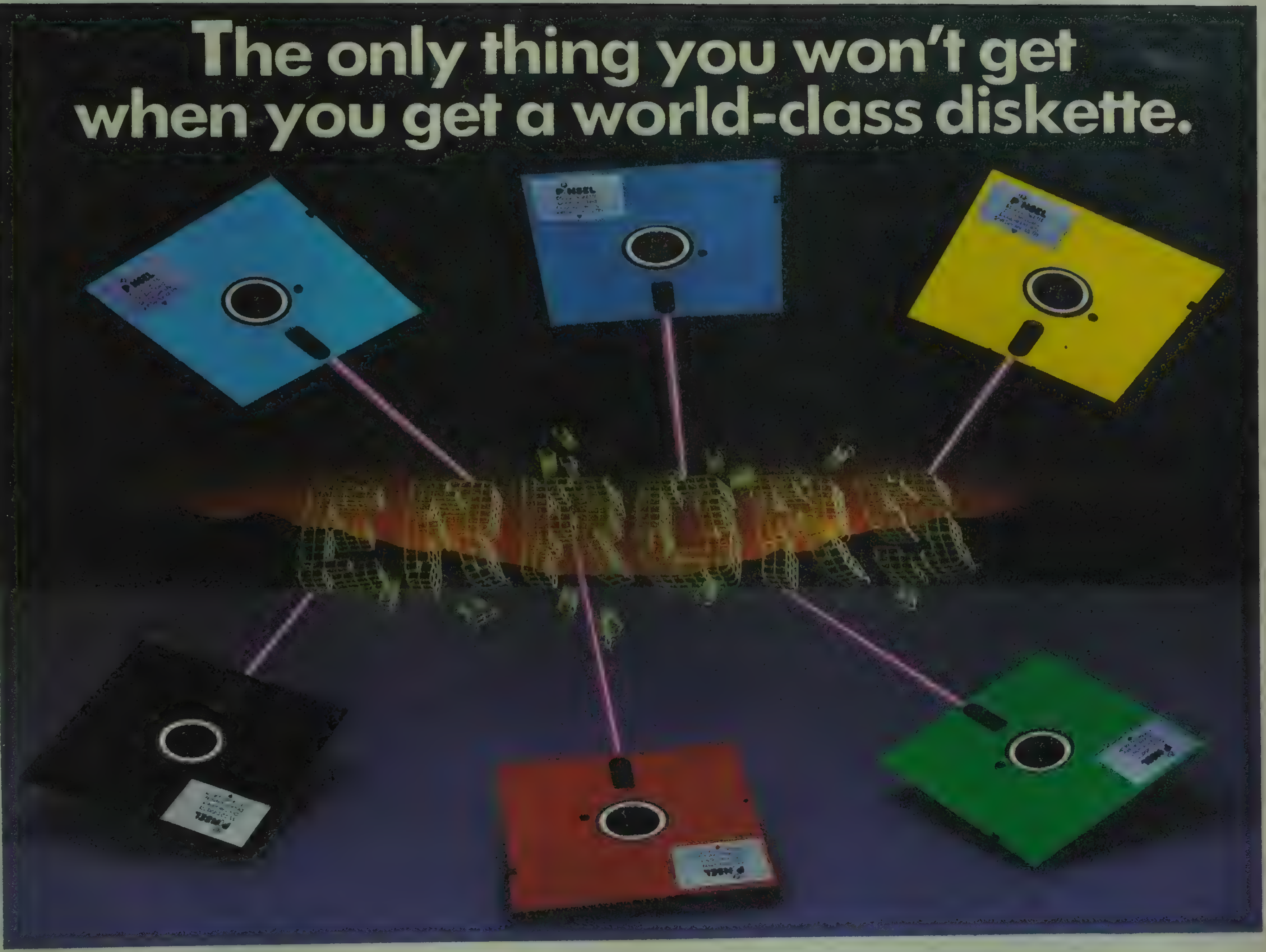

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Pinsel Diskettes are manufactured on the same lines as Sentinel's.

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everest/87/PD/239

The Kinetic guide to choosin

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the most reliable moped

Luna TFR Plus has a tough, box-shaped chassis – the toughest any moped.

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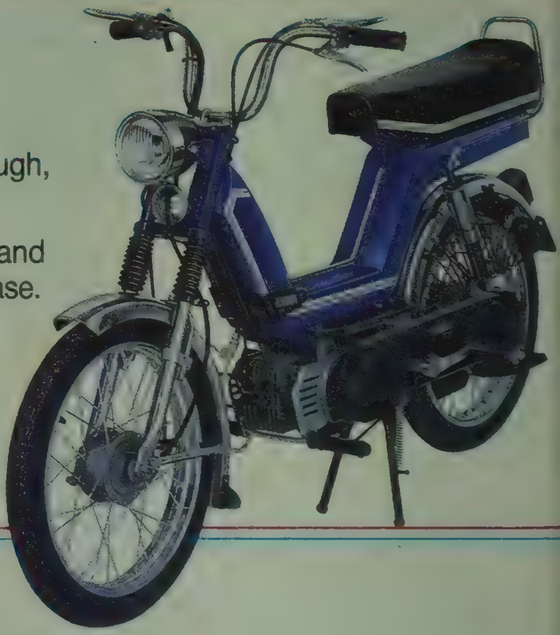
Which is why, Luna TFR Plus is the most successful moped in In

LUNA DOUBLE PLUS
the tough double-seater

What Luna TFR Plus is to solo riding. Luna Double Plus is to double. Tough, hardworking, Luna Double Plus is equipped with a more powerful engine.

You can carry your colleague to work or take your child to school in safety and comfort. Luna Double Plus is built to withstand the stress of everyday use with ease.



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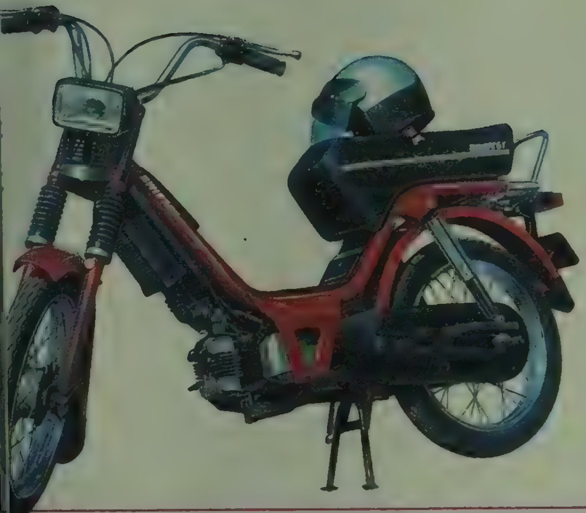
Now from Kinetic. A double seater that not only offers improve power, acceleration and speed but also unmatched fuel economy.

That's Luna Super. Check one out. You'll know the difference.

the right two-wheeler



KINETIC SWIFT GT

motorbike toughness, moped economy

When your work takes you deep into the countryside, you need a vehicle tough enough to cope with long stretches of rough, uneven roads.

You need Kinetic Swift GT. A vehicle that's like a motorbike. Equipped with a tough double tubular chassis, three speed gears and a high performance engine, Kinetic Swift GT turns kilometres of rough roads into a smooth, comfortable ride.

However, unlike a motorbike, Kinetic Swift GT is easy on your purse. You can own one at half the price of a motorbike, and get an amazing 80 km/litre.

Above all, you'll find Kinetic Swift GT very economical to maintain.

INETIC SWIFT

verything you never expected a moped to be

All roads aren't straight and even. Some go up and down. While others are ted with potholes.

Never mind. The unique variator in Kinetic Swift adjusts torque automatically, l makes sure that maximum power reaches the wheels – always.

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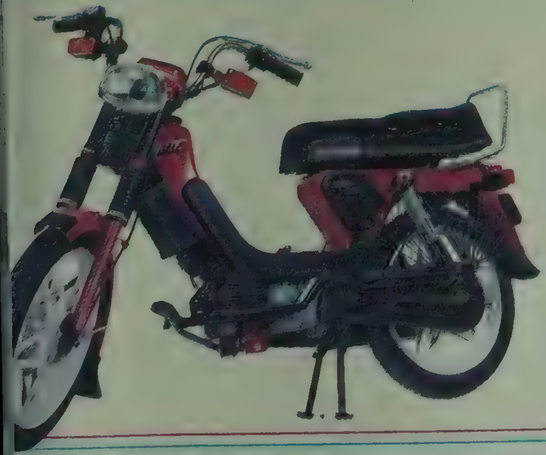

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scooter features, moped economy

Kinetic Spark V1 is the most elegant two-wheeler today. It has features that resemble a scooter. Such as the step-through chassis and a comfortable floor board for riding comfort and easy handling.

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netic, you'll find a two-wheeler that matches your needs and your budget. And, is backed by 500 establishments with factory-trained mechanics and genuine spare parts.

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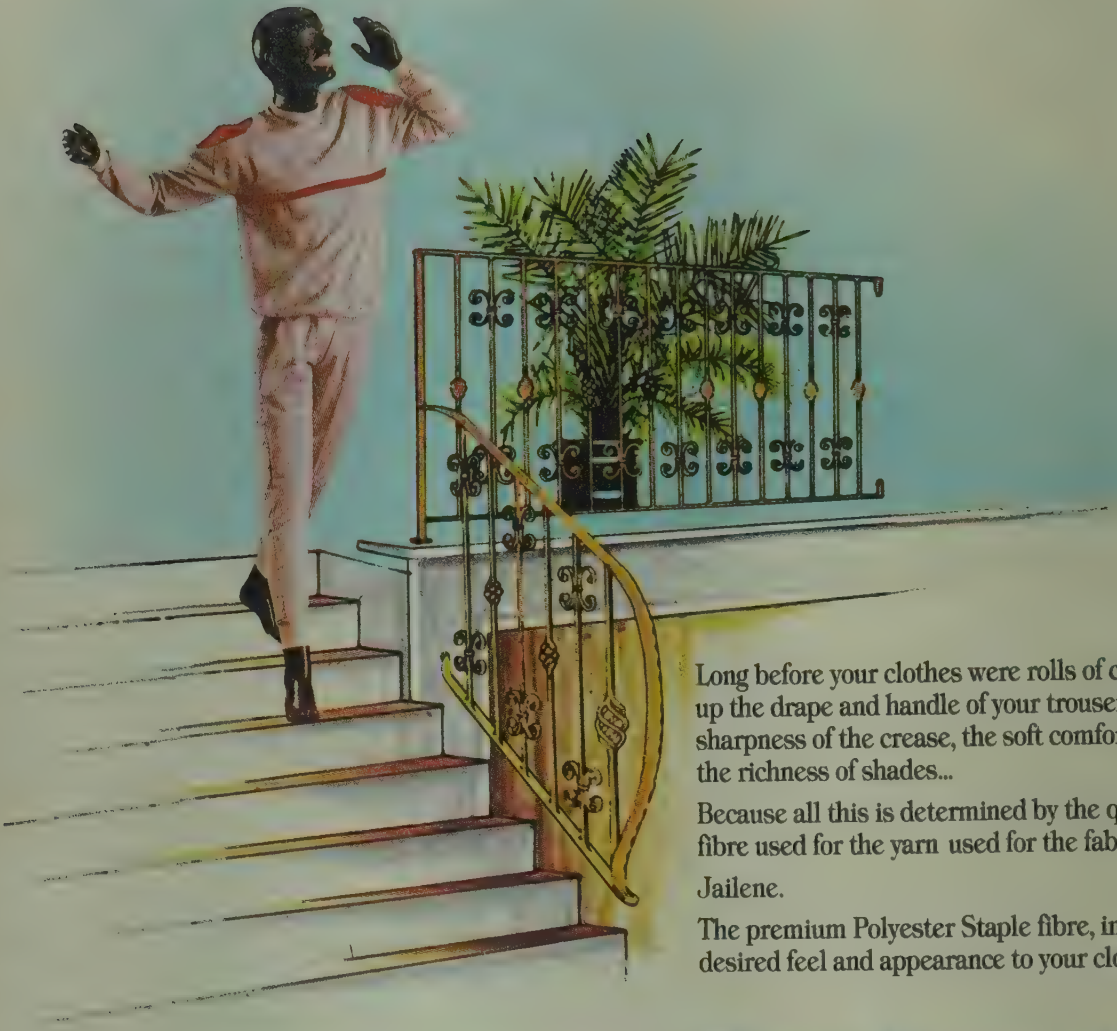

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The premium Polyester Staple fibre, imparts the desired feel and appearance to your clothing.

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makes it possible.

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Shems/2271

Style courtesy : Kalamandir

Investor Contest

Issue No 244

Two down!

With this issue, the Investor Contest completes two years. Needless to say, it has been an eventful period. We started the contest in July 1985 when there was an unprecedented boom in the stockmarkets. And readers responded to the contest enthusiastically.

We have all sobered down since then. There have been very few winners of the contest (IC-241 included) as the markets are fluctuating wildly.

As the contest enters the third year, we only hope that readers who haven't made it so far will now be lucky!

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 7 August 1987, and send in your entry by 28 July 1987. The winner in accordance with the rules printed below, will get a prize of Rs 5,000. In the event there is no winner, the prize will *not* be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs 5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will *not* be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 7 August 1987, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 7 August 1987, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 28 July 1987.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 3 July 1987 (Rs)	Variations permitted from correct price upto (Rs)	Price as on Friday, 7 August 1987 (please fill) (Rs)
Associated Bearings	Bombay	1145.00	5.00	
Dunlop	Calcutta	77.00	3.00	
UTI Mastershare	Bombay	9.75	0.20	
Premier Auto	Bombay	23.50	3.00	
Reliance	Bombay	125.00	4.00	
TISCO	Bombay	742.50	8.00	

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4. Bombay	Feb. 22-26, 1988	Prof. Brij Mohan

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D. GENERAL

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17. 20 project profiles : on Detergent Soap industry
18. 20 project profiles : on Adhesive industry
19. 20 project profiles : on Paper industry
20. 20 project profiles : on Textiles industry
21. 20 project profiles : on Glass & Ceramics industry
22. 20 project profiles : on Perfumes industry
23. 20 project profiles : on Auto Parts and ancillaries
24. 20 project profiles : on Products using imported m/c
25. 20 project profiles : on Export oriented industry
26. 20 project profiles : on Unique items such as hotel Cinema hall etc.

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Diary of a Merchant Banker

1 July, 1987

"Good God, SK!", I exclaimed, "you look terrible."

"I have not shaved for the past eight days", said a moribund SK looking vacantly at golfers strolling past. "No, my wife has not deserted me and neither have I been approached to play any role in the upcoming Hindi epic *Meri Nani* to be shot in Switzerland. The fact of the matter is that I can no longer face myself in the mirror."

"Cheer up, SK," I retorted, "even God makes mistakes, you know."

"This really is no time for jokes, old chap. How would you feel if you were all set to make this grand speech of how the enemy is within and the only cure for the capital markets is to cure ourselves and go ahead with structural reforms, and then, suddenly, you find yourself signing a memorandum which blames the government for everything including the high expense accounts of your own family. A memorandum which demand that the government allow conversion of non-convertible debentures into equity shares at 'market-determined' premiums and order the banks to buy Rs 1,000 crores worth of shares every day. I chickened out, old chap. I gave in."

"Take it easy, SK," I reassured him, "even that good man V.P. said that the system is bad and every one is affected by it."

"When will we realise," rambled on the poor man, "that it was financial fiddling that got us into the mess in the first place. Converting NCDs into equity at premiums related to manipulated share prices encourages insider trading and builds up the bubble environment. It may be all right to have all this freedom in stock exchanges which are very well regulated and which have sophisticated investors who pretty much know what they are doing. But to have creative instruments in an underdeveloped market which, in the long run, take the investors for a ride is unpardonable."

"Our demands are not all that detrimental to the interests of the market, SK. Although, I agree that allowing conversion of debt to equity is just a fiddle."

"Personally, I believe that what we are doing is using the bearish environment to frighten the government," said SK. "On the one hand, you have the government which is looking at the capital markets as a means of raising Rs 5,000 crores every year. On the other side of the coin, you have a community which is threatened with reforms and regulations. This will sharply curtail our ability to churn out profits like we did in the past. So when the market starts collapsing, we have a very frightened government which is now wondering whether a large part of that Rs 5,000 crores will have to be sourced from Swiss bank accounts, since no sane person is going to invest in equity in a declining market. This gives us an opportunity to warn the government that reforms must be postponed and that what should be reformed is not the way the market runs, but the policies the government is following. Hence, the focus of the whole battle is being shifted to demand such as allowing banks to buy shares, scrapping the minimum tax on book profits, reinstating the investment allowance reserve provisions, treating equities as a very special category of investments eligible for tax benefits."

"I don't see anything wrong with that. All that we are really saying is, 'We'll scratch your backs, if you scratch ours.'"

"But not at the cost of the investors! For the past two years, by default or intent, the investor has been taken for a ride and look what it's done to the markets. The worst thing is that I am sitting here and telling you all this, when I have gone and signed a memorandum which says precisely the opposite. It's going to be a long time, my friend, before. I am able to see myself in the mirror. So you better get used to this stub on my face."

5 July, 1987
Wimbledon

I was having the traditional strawberries and cream with my colleagues at the club. It was one of those bright sunshine days rather atypical of London weather and my international banker friends had insisted that I join them on this very special occasion. The outcome of the men's final, you see, was going to determine whether they would lend more funds to the East bloc or to debt-ridden Australia.

"Well", said Peter, dipping into his cup of fresh cream, "I see you are all delighted with the huge increase in the Aid India Club. Glad to know that someone likes us somewhere."

"Peter", I replied, nearly choking on a large strawberry and vowing to change the tradition of Wimbledon to mangoes and cream, "anyone who gives us a billion dollars extra has to be a friend and, believe me, the government sure needs extra mileage to show that despite calling every international company a CIA dog-house, it can still raise more money from the very same hounds."

"You gullible Indians....," said a laughing Peter, "Remember G.D.'s reference to gulls being guillible? Well, you Indians would make the gulls look credible!"

"That is an insult, my man. Please explain yourself", I said in a stern voice, "and it better be a good one."

"The Aid India Club is a consortium of various countries which give your country loans and grants. Not being a member of the inner coterie, I do not have access to sensitive information such as the share of each country's contribution to your country. But", continued the bemused Peter, "I do have access to a thing called common sense. Let us assume that out of every $100 million given to India, $50 million comes from the US, $30 million from the UK, and the balance of $20 million from Japan and West Germany. Now, each of those countries contributes in its own foreign exchange. In 1986, the UK may have given £20 million, Japan may have contributed 2,000 million yen and Germany 20 million deutschemarks which, if converted at the exchange rates prevailing in 1986 may have added up to $100 million. Now, in 1987 those same countries may have pledged the same or even less, but, because it's all converted into dollars it looks like you have got a hefty increase. Tell me", said a cheerful Peter, "don't you have a lot of gulls in your country?"

7 July, 1987

The hills may not be alive with the sound of music, but I can clearly hear the humming. Well, the bottom has been touched and the worst is over and done with. Not that it's going to be a one-way street from now on. Even though the market did not react adversely to the bad results of two corporate giants and the announcement of another giant that it is coming out with a rights issue I, for one, am sceptical about these developments. Surely investing in a company which has to dip into its reserves to pay dividends is not my idea of a great buy and neither is it attractive to buy into a company which keeps on expanding its equity base. But all said and done, I strongly recommend the commissioning of the shooting of that Thums Up ad campaign although the brokers should see to it that their thumbs are not pointing up to the sky at a ninety degree angle but at a more realistic angle of thirty degrees because that is where I see the market heading.

The news that SBI is launching a closed-ended fund *a la* UTI is good because it will add to the liquidity and volumes in the market. And the fact that private sector funds have finally received clearance is like the icing on the cake. The fundamental problem, though, is that the cake is still largely owned by the omnipresent government. It is time we addressed ourselves to the issue of the role of private sector institutions in the markets. Whatever hapened to the stock exchange board and the investment company code that was supposed to regulate private sector funds? Instead of addressing ourselves to narrow problems, when will we sit down and worry about the interests of the market as a whole? Or do we need to appoint a commission to go into that, too? ☐

ADVERTISEMENT

J K PAPER

LAKSHMI CEMENT

STRAW

CHAIRMAN'S STATEMENT

At the 48th Annual General Meeting

It gives me great pleasure to welcome you all to the 48th Annual General Meeting of your Company. You will observe from the Director's Report and the Audited Statement of Accounts for the year ended 31st December, 1986 that the Company has maintained sales and other income at Rs. 115 crores under generally sluggish and difficult market conditions. Profit before interest and depreciation amounted to Rs. 15.48 crores. Your Directors have recommended maintaining the dividend at 20 per cent on the equity capital.

MODERNISATION, EXPANSION & DIVERSIFICATION

J.K. Paper Mills, which has 25 years of distinguished record is celebrating its Silver Jubilee this year. The paper produced in your Mills continues to enjoy market preference on account of its consistent high quality. J.K. Paper Mills has embarked upon an ambitious programme of modernisation involving a capital cost of Rs. 25 crores. Energy efficient Double Disc Refiners, Spreader-Stoker type Coal Fired Boiler and most of the process equipments have already been installed. A new Recovery Boiler and a Turbo Generator Set are under installation. In addition, it is proposed to widen our product base of superior quality papers which will augment profitability. For this purpose, a new Paper Machine for producing speciality and light weight paper is being installed at a cost of Rs. 11 crores, which is expected to be commissioned by the third quarter of 1988.

Despite the highly competitive market situation, Lakshmi Cement has been able to maintain its hold on the market on account of its quality. Constant efforts are being made to bring about improvement in productivity and cost reduction. To augment these efforts, the Company has entered into a consultancy agreement with Messers Blue Circle Industries, U.K., who are one of the leading cement producers in the world.

The Polyester Staple Fibre Project of Orissa Synthetics Ltd. promoted jointly by your Company and Industrial Promotion and Investment Corporation of Orissa Ltd.,was commissioned in March 1987. This is the most modern plant for production of Polyester Staple Fibre in the country having continuous polymerisation and adopting the latest Du Pont technology.

As part of our continuous search for new investment opportunities, we are setting up a Magnetic Tape unit in technical collaboration with a Japanese Company Besides a project for manufacturing Electronic Private Automatic Branch Exchanges (EPABX) in technical collaboration with the world-renowned Japanese Company, OKI Electric Industry Company Ltd. is also being taken up. On the horizon are proposals for the manufacture of some Chemical and Petro-chemical items including Linear Alkyl Benzene for which necessary applications have been submitted to the Government.

EMERGING ECONOMIC SITUATION

As I mentioned in my speech last year, significant policy initiatives were taken by the Government headed by Shri Rajiv Gandhi in economic management with a view to accelerate industrial development. Consequently, the process of new investments and creation of large new capacities which had begun during the Sixth Plan got a big spurt. The transformation envisaged — from a sellers' market to buyers' market — has started materialising. This transition understandably is not without problems and pains. Capacity has come to outstrip demand, in some cases substantially, in a number of important industries. Inefficient management of imports of items under import control, together with the policy of freer imports, has added another dimension. The result has been substantial under-utilisation of capacity and unremunerative working of a number of industries. To name some, fertilizer, synthetic fibres, cement, light commercial vehicles, two-wheelers, paper, industrial machinery etc. suffer from this phenomenon. The resulting widespread poor corporate performance is eroding investors' confidence as reflected in the slump in share prices and increasingly poor response to new capital issues. Some of this was unavoidable during such a basic transition, but a great deal could have been anticipated and avoided through proper understanding and management of change. To my mind, it is as much in the buyers' interest that the industry and specially new investment remains viable and profitable, as it is to have plentiful supply of goods.

Demand has not grown at the rate envisaged. It points to the need for framing and projecting realistic estimates of demand. Three below-average monsoons resulting in slow rate of growth in agricultural production, inadequate rise in government's developmental outlays in real terms and high costs of industrial production have contributed to the sluggish growth in demand. Last year, I had mentioned that efforts should be made to increase demand to achieve rapid industrial growth. I would once again emphasise its importance. With capacity overstripping demand in many industries, measures such as consumer credit would be helpful in stimulating demand without inflationary spill-over.

A bold and imaginative policy for the reduction and containment of costs is called for. Reduction in indirect taxation such as excise, customs, sales-tax etc. on finished goods as well as on inputs, which account for a sizeable proportion of the cost of industrial products will help push demand. It is my belief that their reduction will actually increase revenue through higher sales volume, rather than bringing about a reduction.

Take energy and services, items like coal, power, oil and transport are priced very high. Interest rates, both long and short-term, are double the rates prevailing in many countries of the world. These will have to be brought down to make our industry efficient and competitive. Modernisation, technology upgradation and upscaling the unit size of production are all of critical significance. Last but not the least, we cannot ignore the enormous costs on account of delays built in our capital and running costs. Formalities under Industrial Licensing, M.R.T.P. Act, Companies Act, and various other Central and State laws continue to be time-consuming and absorb lot of managerial time. These will have to be drastically cut down.

Another problem which plagues most of the new units is that of high cost of new investment. Investment costs have been mounting and are invariably high even in relation to new units elsewhere in the world. As a result, capital related costs work out substantially high for new units as compared to existing ones. This in turn affects their viability. The impact of this factor is felt particularly in India because we are rapidly building large new capacities, mostly on green field sites. The result has been that a number of newer units and investments, far from being remunerative, are making losses. This unsatisfactory state of affairs cannot be allowed to continue. Remedial measures are urgently called for in the direction of containment of investment costs as also ensuring their viability. For continuing the process of the healthy growth of industry, it is of real importance that new investment is nurtured for an initial period till it is put on an even keel.

In the newly emerging situation of competitive growth, management is a vital input. It has to play its due role by lifting itself from old mores and modes of functioning to higher plateau of effort and endeavour. The challenge of industrial growth calls for regular monitoring of rapid changes in technology and environment and adapting to the same. There has to be proper mapping of market opportunities, careful assessment of the same and seizing them on time. This will call for efficient management team, motivated workforce and development of work ethos in tune with the demands of the day.

PRODUCTS LTD.

Shri Hari Shankar Singhania

PAPER INDUSTRY

The Paper Industry in the country today is in none-too-happy a situation. The rate of growth of demand for paper has been slow and the capacity utilisation of the industry low. About 15-20 per cent of the installed capacity is defunct, being uneconomic because of obsolescence, lack of modernisation, sub-optimal sizes and excessive labour. Looking to the future needs, the capacity would need to be augmented by putting modern and large units. This calls for a serious look by the Government at the viability of new investment in Paper Industry, about which I have spoken in the past, on more than one occasion. In my view, measures are urgently called for to induce such investment in this vital field. Paucity of cellulosic raw materials is also a major problem for growth of the industry. Incentives for use of bagasse is a right step towards mitigating the raw material situation. But the ultimate solution lies in development of captive plantations on an urgent footing.

A welcome event of the year was the repeal of the Paper (Regulation of Production) Order 1978 and Paper (Control) Order 1979 in respect of White Printing Paper, which had forced the industry to sell sizeable portion of its production at below cost. The Paper Industry has been brought under the MODVAT scheme which has resulted in some benefit to the industry but it has been more than neutralised by the increase in excise duty by Rs. 100 per tonne of paper.

Cost effectiveness, technology upgradation and product diversification are the instruments available to us to maintain viability. It is therefore only in the fitness of things that I should record some of the significant achievements of your Paper Mills on this front and also our long term plans. Encouraged by the successful working of a water reclamation scheme installed some years back, we have embarked on a few schemes for further conservation of water, preliminary results of which are encouraging. These water conservation schemes by stages have removed a major constraint in the existing operations. The total water consumption per tonne of paper has come down from over 70,000 gallons in 1983 to about 66,000 gallons in 1986, and is expected to further reduce to 60,000 gallons in 1987.

In keeping with its social responsibility for pollution control, the Company has taken steps for further strengthening the Effluent Treatment Plant at J.K. Paper Mills by addition of efficient aerators and installation of Andritz Filter. As a result of extensive research, in collaboration with Pulp & Paper Research Institute, Jaykaypur, it has been established that Water Hyacinth, a fast growing wild weed, is very effective for treatment of industrial waste waters.

The concept of energy conservation is being imbibed at all levels and an Energy Conservation Cell is constantly monitoring and reviewing energy consumption patterns regularly. The Modernisation and Renovation Scheme currently under implementation has its major thrust on the efficient operation of the utility blocks like Soda Recovery Boilers, Turbines and Boilers. The various measures under execution are likely to yield energy saving of about 10% on an average. In terms of total energy, it has come down from 12,250 K.cal. to 11,100 K.cal. per kg. of paper. With full implementation of Modernisation Scheme, further energy conservation is expected.

Development of captive plantations by the paper mills is an important factor which needs urgent attention. These plantations could be taken up on land which is not being utilised for agricultural purposes. Industrial plantation of fast growing species should also be encouraged. It is necessary that the Government provide land of this kind to the industry. Your Company has taken necessary steps in this direction and captive plantation has been taken up on a small area of land allotted to us by the Government of Orissa. We are pursuing with the State Government for allotment of additional areas of land in order to ensure availability of raw materials on long term basis.

CEMENT INDUSTRY

Cement Industry made history during this year with the installed capacity crossing 50 million tonnes from 22 million tonnes in 1977. During this period, the production rose to 36.5 million tonnes from 19 million tonnes. The pragmatic policy announcement of September 1977 ensuring 12% post-tax return on the net-worth for new investment in the Cement Industry followed by partial decontrol in February 1982 has resulted in big spurt in cement production, transforming this almost stagnant industry into a dynamic one. By the end of the 7th Plan, the installed capacity may go up to 62 million tonnes and at the end of the 8th Plan to as much as 82 million tonnes.

However, it is unfortunate that disturbing symptoms have appeared in the scenario of cement industry. On the one hand, there has been slower demand growth than estimated and on the other substantial increased availability of cement has resulted in steep decline of the non-levy prices to unremunerative levels. Besides, input costs, especially of administered price items like power, coal and freight have been constantly going up. As a result of these factors and high investment costs, the new cement plants which have come into production since 1982, are unable to recover even the investment related costs like interest and depreciation, what to say of the return. The situation is such that corrective action is immediately needed to ensure that the industry gets reasonable return on investment; otherwise it will become sick and new investment will not be forthcoming.

The cement industry is losing almost Rs. 300 crores per annum on account of levy supplies only. It is necessary that the Government grants escalation in retention prices of levy cement on six monthly basis and fully compensates for the increase in input costs. Moreover the new cement plants with high investment cost which have come into production since 1982, like yours, require adequate relief in the form of reduction in excise duty to meet their higher capital related costs. The relief announced by the Government on 29th April 1987 of Rs. 20 per tonne in excise duty along with reduction in levy obligation by 10% to such new units, is too meagre and needs revision urgently.

In view of easy availability of cement, it is right time to give thrust for stimulating demand of cement. Massive house construction activities both in rural and urban areas, building of concrete roads, concrete lining of canals and irrigation channels to save seepage of water, making concrete railway sleepers and cement silos for storage of foodgrains should be launched on national basis. Such programmes will also generate large additional employment. This thrust brooks no delay and should be taken up on top priority basis.

ACKNOWLEDGEMENTS

Before I conclude, I would like to thank all workers, staff and officers for their painstaking efforts and team spirit for improving quality and competitive strength of the Company. I also appreciate the cooperation extended by the Financial Institutions, Banks, State Governments and Members of the Board of Directors and thank them for the same.

This does not purport to be a record of the proceedings of the Annual General Meeting.

ADVERTISEMENT

Sundaram Finance Limited

Speech delivered by Shri T S Santhanam, Chairman,
at the Thirtythird Annual General Meeting of the Company
held on 17th June, 1987, at Madras.

Ladies and Gentlemen,

I have great pleasure in welcoming you all to the Thirtythird Annual General Meeting of your company.

The Directors' Report and Audited Accounts for the year ended 31st December, 1986 have been with you for sometime and with your permission, I shall take them as read: You will observe from the Accounts that your company has had another successful, record year. Your Directors have recommended a dividend of 16% on the capital enlarged by a 1:1 Bonus Issue, which works out to 32% on an adjusted basis, as compared to 20% paid last year.

GOODS TRANSPORT

There has been an overall growth in the economy in the first two years of the VII Five Year Plan. Next to food, clothing and shelter, transport is the most important basic need of the people. However, the Road Transport Industry continues to operate under difficult conditions. There has been no growth in the production of medium and heavy duty commercial vehicles over the past six years. The goods transport industry has become unviable on account of continuous increases in the prices of vehicles, tyres, fuel and spare parts. **Reduction in Excise Duty on medium and heavy duty commercial vehicles, tyres, spare parts and truck & bus bodies is an urgent need for improving the economic viability of the goods transport industry.**

PUBLIC PASSENGER TRANSPORT

Public passenger transport by road in India is unable to meet the needs of the ever-increasing population. Unfortunately it is burdened year after year with successive doses of taxation by the Union and State Governments. Over 60% of passenger transport by road is under the ownership and control of the State Governments and most of the transport undertakings are not making any profits. Government should lend money at subsidised rates of interest to nationalised transport undertakings. This will enable them to replace vehicles every five years.

DEVELOPMENT OF ROADS

During the successive Plan periods, the expenditure on roads as a percentage of the revenue from the road transport industry has declined from approximately 70% during the I Plan period to less than 25% during the VI Plan period. Roads serve as vital communication links for the 6,00,000 villages in India. They are also the most important infrastructure for the development of commerce and industry. We need more roads, better roads and better surfacing of roads. It is necessary to step up the expenditure on the building and maintenance of roads — national highways, state highways and district roads.

FISCAL CHANGES

We are grateful to the Finance Minister for dropping the proposal for deduction of tax at source on payments made by companies towards supply of goods. The provision of tax on book profits of companies may not have any adverse effect on your company, in view of its deliberate policy of depreciating its leased assets and other general assets by the Written Down Value method. Your company has taken maximum advantage in writing a large volume of leasing business befor the withdrawal of the Investment Allowance, the benefit of which will be available in the next few years.

ACCOUNTING STANDARDS

It is estimated that after 1980 nearly 400 companies have entered leasing business. Out of these, only less than 100 companies are actively engaged in writing leasing business. The Institute of Chartered Accountants of India has issued an Exposure Draft on the Proposed Guidance Note on Accounting for Leases. The main stipulation in the Interim Recommendations is that the value of the equipment under lease should be amortised by the lessor during the term of the lease. I suggest that, under the Indian conditions, it should be deemed sufficient if 75% of the value of the asset is amortised during the lease period. I repeat that a minimum of 75% of the value of the asset should be amortised during a primary lease period of five years. The need of the hour, as mentioned by me in the last Annual General Meeting, is only suitable disclosure of lease liabilities in the books of the lessee and the adoption of a glossary of terms used in the leasing business to ensure truth in reporting. The Equipment Leasing Association (India), it is gratifying to note, is seized of the matter and I am confident that its efforts will bear fruit.

PROSPECTS

As observed in the Directors' Report, your company has changed its Financial Year to end with March to fall in line with the "Uniform Accounting Year" proposed by the Central Government. In the four months period ending April 1987, the total disbursements towards hire purchase and leasing aggregated to Rs. 37.8 crores.

While the hire purchase payments during this period were Rs. 26.65 crores as against Rs. 25.95 crores during the corresponding period in the previous year, lease contracts written during this period spurted to Rs. 11.15 crores from Rs. 2.70 crores during the same period last year.

India Equipment Leasing Limited, your subsidiary company which was promoted jointly with International Finance Corporation (Washington), an affiliate of the World Bank, and with equity participation by the State Bank of India, commenced writing business in September 1986. It has recorded good progress and has made profits during the first seven months of its operations, ending 31st March, 1987.

DEPOSITS

Your company continues to enjoy the confidence of the investing public built by its customer-oriented services. The net accretion to deposits, in addition to renewals, during the period from 1st April 1986 to 31st March 1987 exceeded Rs. 22.00 crores. As on 31st March, 1987, there were more than one lakh depositors.

RETIREMENT OF DIRECTORS

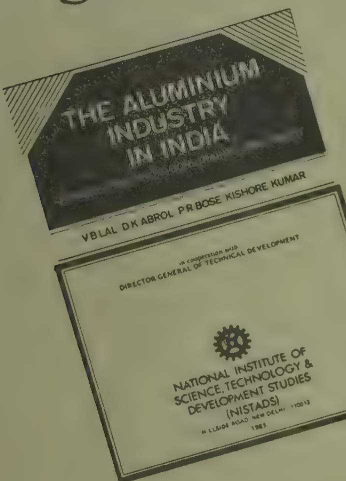
Sarvashri T S Ragavachary and G Venkateswara Ayyar resigned their directorship in the company on health grounds with effect from 31.1.87 and 31.3.87 respectively. Your company has benefited from their rich experience and wise counsel during their long tenure of Directorship. On your behalf, I wish to place on record, our deep sense of gratitude and appreciation for their valuable services rendered to the company all these years.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and on my own behalf, I take this opportunity to record our sincere thanks to all our customers, depositors, bankers and shareholders for their active support and cooperation. I also wish to place on record my sincere appreciation of the good work done by all the employees of the company.

This does not purport to be a record of the
proceedings of the
Annual General Meeting

A long way to go



THE ALUMINIUM INDUSTRY IN INDIA

V B LAL D K ABROL P R BOSE KISHORE KUMAR

in cooperation with
DIRECTOR GENERAL OF TECHNICAL DEVELOPMENT

NATIONAL INSTITUTE OF
SCIENCE, TECHNOLOGY &
DEVELOPMENT STUDIES
(NISTADS)
HILLSIDE ROAD NEW DELHI 110012
1985

THE ALUMINIUM INDUSTRY IN INDIA
By V. B. Lal, D. K. Abrol, P. R. Bose and Kishore Kumar

The National Institute of Science, Technology & Development Studies, New Delhi, pp 249, Rs 60.

The present book is a detailed case study of the aluminium industry in India covering different dimensions such as demand, production of raw material and the final product, energy consumption, technology and R&D, and the uses of aluminium.

The study of the industry is important for several reasons. For one, aluminium, with its uses in defence, power, construction, transport, packaging, and domestic hardware, is a metal of strategic importance and one having close linkages with other industries. Its production process is extremely intensive in the use of energy and capital. In spite of its energy and capital intensive nature, India is due to become a surplus country in the availability of aluminium in the near future.

Globally, the very considerable requirements of technology, skills and capital for aluminium production have led to highly oligopolistic market structures. Six giant transnational corporations (TNCs), viz ALOCA, Reynold and Kaiser (based in the US), Pachiney Ugine (France), Alusuisse (Switzerland), and ALCAN (Canada) control the bulk of the global production of aluminium.

The global aluminium industry depicts an international division of labour, which has tended to reduce the developing countries to the role of supplies of high grade raw material (bauxite) at cheap prices. Roughly 80 per cent of the global alumina refining capacity and 71 per cent of the smelting capacity is concentrated in the developed countries. Of late, however, the TNCs have shown a tendency to relocate aluminium production at cheap energy locations in developing countries.

The authors question the accuracy of the projections of aluminium demand and supply made by the working group for the Seventh Five Year Plan. According to them, the demand forecasts are of doubtful accuracy because as usual they are based on the time trend. They therefore emphasise the need for forecasts based upon various determinants of aluminium consumption. The projections of availability in different years are also unrealistic as these do not include secondary aluminium which could be equal to 10 per cent of the primary production.

Although India has relatively large bauxite reserves, the authors feel that the export of bauxite needs to be discouraged because the raw ore "goes dirt cheap". But the bargaining capacity of the exporters is weak because of competition among themselves. Furthermore, the exports of better quality ore will adversely affect local production. So they advocate the export of higher value added stages such as alumina or metal or semis.

India is going to be surplus in alumina and metal when NALCO is commissioned. In view of the control of international markets by TNCs, however, exporting alumina or metal may not be easy. For alumina, India will need to cultivate markets in East Europe, West Asia and Malaysia. Countries of North and East Africa and India's contiguous neighbours — Bangladesh, Burma, Bhutan, Pakistan, Nepal and Sri Lanka — also constitute a potential market for the export of the metal.

India is deficient in all the resources — energy, capital, technology and skills — which aluminium production requires in abundance. Therefore, it would have been worthwhile if the authors had worked out the relative economics of production and export of bauxite, alumina and the metal. One has the feeling that production of aluminium at current international prices becomes viable only after heavily subsidising power consumption. One wonders, therefore, whether it would really be economical to export metal from India in place of bauxite.

In India, the aluminium industry is a major power consumer. The industry (including NALCO) is capable of consuming about five per cent of the total installed power generation capacity in India. The scarcity of power has led to underutilisation of the aluminium plants. Besides, frequent interruptions in power supply could damage the smelting equipment. The Indian plants are also inefficient in power utilisation. Concessional power rates applicable to aluminium units till the mid-seventies did not encourage energy conservation efforts by the companies concerned. Though the subsequent withdrawal of subsidy has made them energy conscious, there is considerable scope for energy saving.

The study presents a poor picture in respect of technology absorption and development of local capability. Although the industry was established in India four decades ago, foreign collaborations are still sought for effecting even small improvements in existing plants. The local capability is barely adequate for operation and maintenance; not for further improvements in productivity and adaptations. It is for this reason that the role of the Indian consultants for the NALCO project has been restricted to detailed engineering and project management.

The mode of technology imports and the lack of R&D seems to have been responsible for the poor absorption of technology. Except in the case of BALCO, foreign collaborations in all the cases have included clauses restricting horizontal transfer of technology. Thus the expertise gained by individual firms through technology imports has failed to become an industry asset. It is, however, a general feature of technology imports, particularly in process intensive industries. The absorption of the highly sophisticated technology being acquired for NALCO is also doubtful as the project is being implemented by the foreign companies on a turnkey basis. The authors suggest that import of knowhow for capital goods and equipment fabrication should be made through a public sector equipment manufacturer.

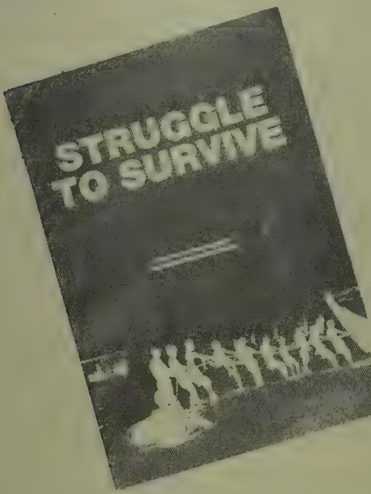
The authors argue that a national R&D strategy is needed. This should be based on effective collaboration between CSIR laboratories and the industry with emphasis on developing process engineering capability and research in alternative processes for aluminium extraction. However, they warn against associating foreign controlled firms with R&D. They suggest that the firms' global strategy should be kept in view while associating them with R&D to ensure that its benefits accrue fully to the country.

The aluminium industry in India consists of a TNC, a local large house company, a joint sector unit and one public sector company (with another being commissioned). It could have been a good candidate for comparisons of performance of the public, private (foreign and local) and joint sectors. However, no uniform inter-firm pattern seems to be emerging regarding efficiency. INDAL is efficient in energy conservation, Hindalco is a pioneer in the extraction of valuable materials from wastes. BALCO has been conscious of pollution abatement.

The book, therefore, has covered a wide range of issues on the industry and puts together important information. It would certainly be valuable for policy makers and others interested in the industry.

NAGESH KUMAR

The woes of fishermen



STRUGGLE TO SURVIVE
Compiled and published by the Indian Social Institute & Delhi Forum, New Delhi
Pp 188; Rs 15, 1987,

The recent policy decisions and pronouncements of the government of India give one the distinct impression that it is very keen on expanding India's marine products export trade. But none of the current efforts seems to give due consideration to the myriad problems of the one section which is pivotal to India's fisheries economy: the traditional sector of artisanal fishermen, numbering over 5 lakhs. Development policies that mainly eye the big buck and emphasise only production have bypassed these pauperised fisherfolk. It is their "struggle to survive" that is the focus of this publication.

Subtitled "a dossier on the struggle of traditional fishermen in India", the book brings together a collection of articles and papers, some published previously, in an attempt to present the gamut of issues that dog the artisanal sector. The compilation is by no means comprehensive — there are some important areas of analysis and history conspicuous by their absence — but the very effort to document the struggles and tribulations of an underprivileged lot, while simultaneously questioning the country's fisheries development policy, is certainly praiseworthy.

After all, the traditional sector, though socially and economically backward, contributes about Rs 30 lakhs daily to the country's foreign exchange earnings. And, as A. J. Vijayan of the National Fishermen's Forum points out in his introductory overview, over six million Indians depend directly and indirectly on the sea through fishing and attendant activities

Since the sixties, skewed priorities have encouraged unrestrained mechanisation. The resulting benefits have been netted by exporters, finance capitalists and trawler owners. Consequently, traditional fishermen, using heterogenous technology, have found their catches declining. The nature of the sea's resources compounds the problem. Over 85 per cent of prawns — the money-spinning "pink gold" of India's marine products export trade — is found in inshore waters, the same fishing grounds that traditional fishermen use. Thus, clashes between the mechanised and the traditional sectors have been frequent off the coasts of many maritime states.

Yet, despite the government's help to the mechanised sector, the role of traditional fishermen has not diminished. One statistic spotlights this fact. In 1973, Kerala, perhaps the most important fishing state in India, saw its maximum annual catch of 4.41 lakh tonnes. Yet the mechanised sector's share was only 20.6 per cent. But its contribution to the total value has ranged from 50 to 60 per cent, thanks to the mammoth amounts brought in by prawns.

It is this aspect of government policy — the short-sighted pursuit of growth and not equitable distribution — that the book mainly draws attention to. The first chapter tackles the socio-economic dimensions of the crisis bedevilling the traditional sector. There are two articles by John Kurien, an associate fellow at the Centre for Development Studies, Trivandrum, who has been closely connected with the movement for an alternative fisheries development policy. The first dissects the Indo-Norwegian Project (INP), the world's first development project of its kind. Rigorously analysed and backed by detailed empirical data, the piece discusses the launching problems of INP, how it demonstrated the catch value of bottom trawling, and how it drifted along rudderless until, spurred by the export-oriented approach of the sisties, it too began to finally pursue prawns.

During the sixties, Kerala's fish economy was polarised into the "modern sector" — capital-intensive and mechanised — and the "traditional sector" — artisanal and labour-intensive. Overmechanisation and consequent overfishing have not only precipitated an ecological crisis in sea resources, but also forced the traditional fishermen to take to the streets. Kurien's second article on the economics and politics of trawling, takes up the demands of the Kerala Independent Fishermen's Union in its agitation for, amongst others, regulatory measures like a ban on monsoon trawling.

Two articles, on the ecological impact of mechanisation and the need for conservation, question the "blind adoption of modern technology" and the indiscriminate dumping of toxic industrial effluents into the sea.

The second chapter profiles fisherfolk and the status of fisheries in the coastal states. The attempt is certainly not exhaustive — only Goa, Kerala, Karnataka, West Bengal, Orissa and Maharashtra figure.

From West Bengal is an account of how urban land pressure and city extension plans have shrunk sewage-fed fisheries in east Calcutta, affecting over 27,000 fishermen. In Orissa, the glamorous chase for tourists has produced a blueprint for the beautification of the 40 km Puri-Konarak coastal stretch, thus threatening to displace about 40,000 fisherfolk.

The importance of concrete data is hammered home by legal correspondent K. Mahajan in his piece on litigation which forms part of the third chapter. In any politico-legal fight to wrest a better future for traditional fishermen, the absence of comprehensive and conclusive information on resources, breeding grounds, seasons, yield potential, etc. has proved critical. Mahajan shows how the Kerala government shirked its homework on collecting such data and thus allowed the Marine Fishing Regulation Act to be legally challenged.

The final article outlines key areas for future action. These include the systematic consolidation of the principles of traditional science technology and community controls; attempts to change production relations in fishing, greater social control over export and deep sea fishing; and the effects of changes in energy-use patterns in traditional fishing.

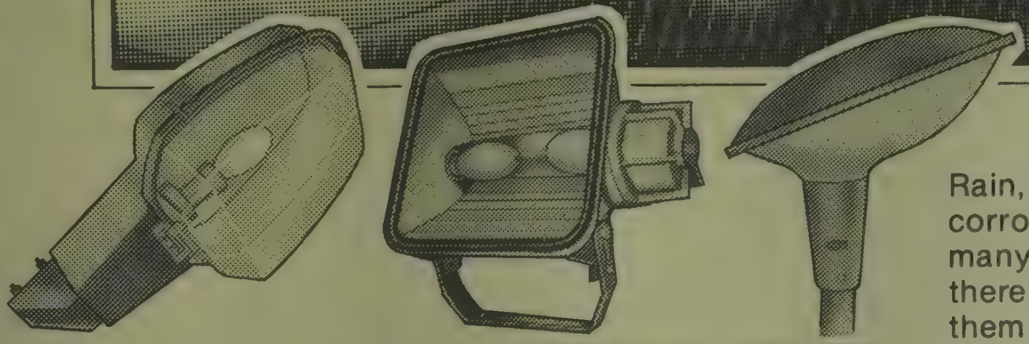
Struggle to Survive, however, has some serious shortcomings. It offers no analysis of why the Kerala fishermen's agitation, despite generating widespread attention and grassroo support, failed to break the obduracy of the state government, and why it was abandoned when morale and determination was apparently peaking. Further, apart from a subsidiary mention in two articles, there is n attempt to critically evaluate the role of stat governments in co-operativising the traditional sector, and how this could affect th fishermen's movement by creating division amongst them.

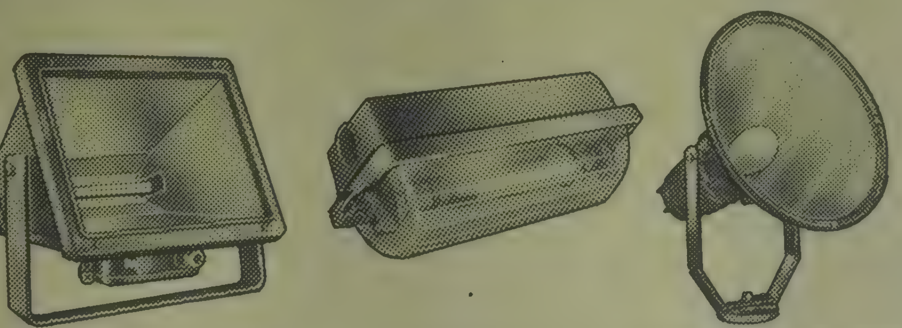
Centered as it is around the Nationa Fishermen's Forum, the dossier fails to document other struggles and actions by other non governmental groups, including trade union and church-sponsored reformist and eve reactionary groups.

Asking for material on all this is perhap asking for a lot. But a lot is what is neede since this is not a dossier meant for the must shelves of academe. It is meant rather as rallying point for activists and supporter Hopefully, it will help alter the warpe perceptions of policy makers and hasten th creation of an alternative fisherfolk-oriente development policy.

[illegible]

Accepting Challenges In The Open!





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Executive Ladder

K. R. CHHABRIA has been appointed managing director of Shaw Wallace & Co Ltd.

R. GOPALAKRISHNAN has been appointed vice president, exports, Hindustan Lever.

K. B. DADISETH has been appointed vice president, personnel, Hindustan Lever.

UDAY KHANNA has been appointed vice president commercial, Lipton India Ltd

R. SRINIVASAN has been appointed chairman and managing director, Bank of India.

R. M. CAMA has been appointed chairman, Press Trust of India Ltd.

J. SENGUPTA has been appointed chairman, IEL.

L. S. PRABHAKAR has been appointed president, Bangalore Stock Exchange.

P. G. KAKODKAR has been appointed chief general manager (planning), at SBI's central office in Bombay.

RAJ KUMAR JAIN has been appointed chairman, Railway Board.

M. GOPALAKRISHNAN has been appointed executive director, Indian Bank.

JIVTESH SINGH MAINI has been appointed chairman, Punjab Hosiery and Knitwear Corporation and Goindwal Industrial and Investment Corporation.

G. RAGHAVENDRAN has taken over as chief executive, Manali Petrochemical Co.

ASSOCIATIONS

K. M. SHETH has been elected president, Indian National Shipowners Association.

M. K. KAPOOR has been re-elected president, All India Rubber Industries Association.

I. K. SAHA has been elected president, Calcutta Management Association, for 1987-88.

ATUL SHROFF has been unanimously elected president, Baroda Management Association.

LALIT SHETH has been elected president, Travel Agents Federation of India Ltd.

R. AGARWAL has been elected president, Bharat Merchants Chamber.

H. P. PUNWANI has been elected chairman, Association of Basic Manufacturers of Pesticides.

N. D. DESAI has been elected president, Electronic Component Industries Association.

S. R. JIWARAJKA has been re-elected president, National Alliance of Young Entrepreneurs (NAYE).

B. R. SINGH has been elected president, Indian Society for Training and Development for 1987-88.

B. RAI has been unanimously elected president, Indian Banks' Association, UP chapter.

R.N.R. GANDHI has been re-elected president, Council of the Indian Roads & Transport Development Association (IRTDA).

YOGEN S. LATHIA has been elected president, Bombay Industries Association (BIA), for 1987-88

SHEKHAR DATTA has taken ove as managing director and president of Greaves Cotton & Co Ltd.

P. K. GOEL has taken over as chie general manager at Petroleum Conservation Research Association, New Delhi.

V. P. CHAWLA has taken over a director (power), BHEL.

T. GUPTA has been appointe senior vice president, marketin Burroughs Wellcome (India) Ltd.

Business India

National Executive Appointments

Reader Service

Senior executive positions

A compilation of executive positions advertised in Business India and other major publications from all over India between 22 June-5 July, 1987.

West

PRES ●Chandrapur (Mah) • *Sal* Attr+prks • *Age* NS • *Qlfn* NS • *Reqd* 10 yrs in snr pos at lrge ppr plnt wth gd trck rec & xpsre to mdrn mngmnt sys • *Resp* Ovrll mngmnt of plnt mfg sptlsd indus pckgng ppr • *Cont* Box: AA/243/LK/1, Business India, Wadia Bldg, 17/19 Dalal Street, Bombay-1 (BI-29.6)

North

DY/JT GEN MNGR (Fin) ● Allahabad • *Sal* Rs 2,625-3,700 pm + prks • *Age* 45 yrs • *Qlfn* CA/ICWA, pref wth MBA (fin) • *Reqd* 15 yrs in indus wth 5 in snr pos in engg co of rpte knwlj of fin accts, cstng, bdgtry cntrl, intrnl adt, txtn, etc reqd & pref wth acqntnce wth mech adtng added adv • *Resp* All areas of prsnnl mngmnt & IR incl stff wlfre, trng, etc • *Cont* The Managing Director, Bharat Yantra Nigam Ltd, 29-B/3 CSP Singh Marg, Allahabad 1 (S—26.6)

VICE-PRES (Fin) ● Ludhiana • *Sal* Rs 12,000-15,000 pm + prks • *Age* 38-45 yrs • *Qlfn* CA + CS • *Reqd* 15 yrs in top mngmnt • *Resp* Devp/est/cntrl oprtng norms/sys of corp fin + secyl func • *Cont* Personnel Selection Division, Mantec Consultants Pvt Ltd, 805 Vishal Bhawan, 95 Nehru Place, New Delhi 19 (HT—28.6)

VICE-PRES (Mktng) ● Frst pstng New Delhi • *Sal* Attr + prks • *Age* 35-45 yrs • *Qlfn* Deg in eco/engg wth PG qlfns in mktng mngmnt pref wth MBA • *Reqd* Min 15 yrs in hrdcre mktng/sls of sheet/pellet glass or cnstrctn mtrls indus, 5 yrs at snr lvl • *Resp* Ovrll resp fr agrssve mktng of nw/sphstctd/hi-qlty prod, frmltn & implmntn of innvtve dmstc mktng strats & bldng strng mktng org • *Cont* S.B. Billimoria & Co, PO Box: 4325, New Delhi 19 (BI—29.6)

CHF EXEC ● New Delhi • *Sal* Attr + prks • *Age* 40 yrs • *Qlfn* NS • *Reqd* Snd xprnce in grmnt trde, espclly smplng, prdn, fnshng, QC, nw mkt devp ablty to dlve rslts undr prssre & strngnt time/cst prmtrs essntl pref wth knwlj of mtrls mngmnt & xprt prcdres • *Resp* Xprt prmtn of grmnts/txtles/hme frnshngs all ovr the wrld + prvde ldrshp to xstng wll-knt unt • *Cont* V.S. Gurumani, General Manager, C/o ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 19 (BI—29.6)

GEN MNGR ● Nr New Delhi • *Sal* Rs 100,000 pa + prks • *Age* 45 yrs • *Qlfn* BE • *Reqd* 12-15 yrs in mngmng indpndntly lt engg unt of rpte min 5-7 yrs at top • *Resp* Ttl mngmnt fncn/admn + implmntn of proj, xcllnce in qlty/qntty of prdn, IR, cst cntrl, tm mngmnt, etc • *Cont* The Deputy General Manager (Personnel), Hero Cycles Pvt Ltd, Hero Nagar, G.T. Nagar, Ludhiana 3 (HT—29.6)

VICE-PRESS (Engg) ● New Delhi • *Sal* 100,000 pa + prks • *Age* 40-45 yrs • *Qlfn* 1st clss BE (mech/elec) • *Reqd* 10-15 yrs in indus, 3 at snr lvl in rptd org, xprnce in hndlng lrge AC/rfrgrtn plnts, elec instllns, boilers, wtr trtmnt plnts + knowlj & xprnce in lndry/ktchn eqpmnt • *Resp* Mon all engg fncns, chck all engg spfctns for nw htl projs, instte prvntve maint sys, advse on impr sbsttn, enrgy cnsrvtn & non-cnvntnl srvcs • *Cont* The Vice-President (Personnel & HRD), East India Hotels, 7 Shamnath Marg, New Delhi 54 (H—4.7)

East

GEN MNGR (Plnt) ● Keonjhar (Orissa) • Sal Attr + prks • *Age* NS • *Qlfn* NS • *Reqd* 15 yrs as mngr of oxygen plnt, pref lqd oxygen/exlsves plnt • *Resp* NS • *Cont* Derby Industrial Projects Pvt Ltd, 16 Hare Street, Calcutta 1 (S—26.6)

VICE-PRES ● Calcutta • *Sal* Attr + prks • *Age* 40-45 yrs • *Qlfn* BE, pref wth MBA • *Reqd* Xprnce in mlti unt/prod org essntl wth prvn mktng bckgrnd pref in cnsmr drbles/hydrlcs/pnmtcs/rfr grth/air tech sys & xprts of alld prods • *Resp* All oprtnl aspcts of unts wth spcl mphss on mktng/xprts • *Cont* Box: 663, The Statesman, Calcutta 1 (S—28.6)

CHF EXEC ● Guwahati • *Sal* Rs 60,000 pa + hsg • *Age* 40 yrs • *Qlfn* Deg/dipl in fin mngmnt • *Reqd* Prvn trck rec of hndlng indpndnt chrge of mfg unt fr atlst 3 yrs • *Resp* NS • *Cont* Box: 3539, Statesman, Calcutta 1 (S—3.7)

South

GEN MNGR (Oprtns) ● Bangalore • *Sal* Rs 100,000 pa • *Age* 38-40 yrs • *Qlfn* BE (mech/auto) • *Reqd* 15 yrs rltd xprnce in indus, min 3 yrs indpndnt chrge of mfg unt • *Resp* Implmnt advance dsgn for hvy trnsprt eqpmnt for Bhoruka TCI grp • *Cont* P.N. Venugopal & Associates, No. 4 Rest House Road, Bangalore 1 (H-23.6)

CHF EXEC ●Hyderabad • *Sal* Xcllnt • *Age* 35-50 yrs • *Qlfn* NS • *Reqd* 5 yrs as chf exec/GM of rptd mfg org • *Resp* Ttl chrge of oprtns, cntrbtn to corp plng & frmltn of strats • *Cont* The Managing Director, Bharat Strips Ltd, 221 Okhala Industrial Estate, New Delhi 20 (H-23.6)

CHF EXEC ●Madras • *Sal* Xcllnt • *Age* 45-50 yrs • *Qlfn* NS • *Resp* Ld tm of prfssnls to updte oprtng styles + ttl resp for oprtns of auto elec divn • *Cont* A.F. Ferguson Associates, 32 Nungambakkam High Road, Madras 34 (H-26.6)

VICE PRES (Works) ● Nr Cochin • *Attr* • *Age* Mid-40's • *Qlfn* Gd acdmc bckgrnd • *Reqd* 8 yrs in chrge of lrge mfg unt • *Resp* Oprtns mngmnt, incl prdn, plnt maint, mdrnstn, tech devp, IR, cst cntrl + ld/gde/motvt lrge, prgrssve wrk frce • *Cont* The Managing Director, Apollo Tyres Ltd, 17 Parliament Street, New Delhi 1 (BI-29.6)

MNGNG DIR ● Hyderabad • *Sal* NS • *Age* 45-55 yrs • *Qlfn* NS • *Reqd* Prvn rec of grwth/prfrmnce in snr mngmnt, xpsre to all funcnl areas of mngmnt+ablty to ld/mtvte tm of prfssnls twrds corp goals essntl, snd techno-cmmrcl snse, pref wth indpndnt prft cntre xprnce • *Resp* Ovrll prftblty & grwth of co • *Cont* R. N. Gadi, Partner, A.F. Ferguson Associates, Hansalaya, Barakhamba Road, New Delhi 1 (BI-29.6)

Overseas

VICE-PRESS (Tech) ● Thailand • *Sal* Attr • *Age* NS • *Qlfn* BE/MTech (chem) • *Reqd* 15 yrs in ptrochems, 8 yrs as wrks mngr in chrge of prdn, prcss cntrl plnt maint wth spcfc xprnce in xtrctn sys dstlltn tech + proj plng/implmntn/cnstrctn/etc • *Resp* NS • *Cont* Box: 6120, Hindustan Times (HT—23.6)

CHF EXEC ● New York/Hong Kong • *Sal* US $125,000 pa + hsg + prks • *Age* 35-45 yrs • *Qlfn* NS • *Reqd* Xprnce of cnsmr gds mktng, ablty to rn divn indpndntly, strng ldrshp qlts • *Resp* Ngttns wth licencees, dir mktng, ldng tm, etc • *Cont* A.F. Ferguson Associates, PO Box: 1786, Bombay 1 (BI—29.6)

BI = Business India, H = Hindu, HT = Hindustan Times, IE = Indian Express, S = Statesman, TOI = Times of India.

Executive positions

West

MNGR (Mktng) ● Bombay • *Sal* Attr • *Age* NS • *Qlfn* Grad, pref wth PG deg/dipl in mktng • *Reqd* Xtnsve xprnce in txtle mktng, min 5 yrs in indus fbrcs wth snd knwlj of prod/mkt sgmnts • *Resp* Frmlte/implmnt mktng strats, nhnce mkt shres & devp nw mkts • *Cont* Datamatics Staffing Services, PO Box: 106, GPO, Bombay 1 (H—26.6)

MNGR (Mktng—cnsmr prods ● Nr Pune • *Sal* Attr • *Age* 40-45 yrs • *Qlfn* Grad + PG deg/dipl in mktng • *Reqd* 15 yrs in mktng cnsmr drbles wth min 4-5 yrs in smlr pos • *Resp* Ttl mktng/sls fncn + mntrng advt/sls prom/sls ntwrk • *Cont* Datamatics Staffing Srvcs, PO Box: 106, GPO, Bombay 1 (H—4.6)

North

MNGR (Proj) ● Bhiwadi (Raj) • *Sal* Attr • *Age* NS • *Qlfn* BE (mech) • *Reqd* 10 yrs at snr mngrl lvl in cycle indus wth xprnce in proj implmntn • *Resp* Ttl implmntn of proj & tke ovr as wrks mngr • *Cont* Box: 410466, Hindustan Times, New Delhi 1 (HT—2.7)

MNGR (3, proj) ● New Delhi • *Sal* Neg • *Age* 40-58 yrs • *Qlfn* BE/dipl (cvl) • *Reqd* 15-20 yrs in proj, 5 at snr lvl in projs invlvng tnnls/brdges/mech/earthwrks/etc • *Resp* NS • *Cont* The Manager (P&A), Bhageeratha Engg Ltd, Hemkunt House, 12th Floor, 6 Rajendra Place, New Delhi 8 (HT—22.6)

MNGR (Tech) ● Malerkotla (Punj) • *Sal* Neg • *Age* NS • *Qlfn* BE (mech/chem) • *Reqd* 10 yrs in smlr pos in ppr mfg unt • *Resp* Plng/coord/implmntn of ppr mfg • *Cont* The Director, Vinid Paper Mills Ltd, C-577 New Friends Colony, New Delhi, 65 (HT—24.6)

MNGR (Est) ● Sehore (MP) • *Sal* Attr • *Age* 35-40 yrs • *Qlfn* BSc (agri) • *Reqd* 15 yrs in lrge sgrcne frm • *Resp* NS • *Cont* The Chief Executive, Bhopal Sugar Industries Ltd, Ganesh Mandir Road, Sehore 3, MP (HT—2.6)

MNGR (R&D) ● Faridabad • *Sal* Attr • *Age* NS • *Qlfn* BE (mech) • *Reqd* 10-12 yrs in dsgn/devp pref in lt engg indus + crtve sklls • *Resp* Upgrde prod lines, devp nw prods, val anlyss, hndle cstmr cmplnts, QC, prcss & othr rltd prblms prprtn of engg dsgns, devp of prttypes, coord & pilot tsts, rvw & incrprtns of cstmr fd-bck • *Cont* The Managing Director, Khaitan Electricals ltd, Plot 14, Sector 6, Faridabad 6 (HT—26.6)

MNGR (Proj chf) ● New Delhi • *Sal* Attr & neg • *Age* NS • *Qlfn* NS • *Reqd* Inttve/xprtse to gt thngs dne, cnddtes mst be strng in rsrce/cnstrnt mngmnt • *Resp* Ttl proj mngmnt, invlvng tech trnsfr, physcl mfg prgrmmes, etc • *Cont* ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 19 (BI—29.6)

MNGR (Snr—fin) ● UP • *Sal* Max Rs 4,360 • *Age* NS • *Qlfn* CA/ICWA/MBA (fin) • *Reqd* 15 yrs PG xprnce in fin, accts, adtng, bdgtng, cstng, txtn, dlng wth fin insttns/banks/govt, etc wth min 10 yrs at snr lvl SAS (cmmrcl) wth 17+ yrs in exec cdre, 12 at snr mngmnt lvl also cnsdrd • *Resp* NS • *Cont* The Managing Director (P&IR), The UP State Cement Corporation Ltd, Churk 231206, Mirzapur, UP (S—3.7)

MNGR (Sys) ● New Delhi • *Sal* Rs 3,600 pm + prks • *Age* 45 yrs • *Qlfn* BE 1st clss (engg/cmptr sc) or 1st clss PG math/sc/elctrncs/stats/cmptr applctns/mngmnt • *Reqd* 14 yrs in plng/implmntn of cmptrsd sys on mini/mnfrme cmptrs wth min 6 yrs at snr lvl xprnce in dsgn of on-lne sys essntl pref wth xpsre to DBase applctns • *Resp* NS • *Cont* The General Manager (P&A), Krishak Bharati Cooperative Ltd, Red Rose House, 49-50 Nehru Place, New Delhi 19 (HT—30.6)

East

MNGR (Sls admn) ● Calcutta • *Sal* Rs 2,950 ttl (xcl HRA) • *Age* 40-45 yrs • *Qlfn* Grad, pref wth CA/ICWA or MBA (mktng/fin) • *Reqd* 15 yrs in indus wth min 5-7 yrs in sls mngmnt/admn/acctng fncns • *Resp* Effctve coord wth fctrs/sls offcs fr dstrbtn/plng/prdn + mngmnt of fnshd stcks & admn of brnch sls offcs & sls acctng fncns • *Cont* The Chief Manager (P&A), Bengal Chemicals & Pharmaceuticals Ltd, 6 Ganesh Chander Avenue, Calcutta 13 (S—26.6)

MNGR (Dye hse) ● Guwahati • *Sal* Rs 1,300-1,700 • *Age* Max 45 yrs • *Qlfn* MBA/BTech (txtles) wth BSc (txtles) • *Reqd* 7 yrs in txtles (or grad wth 12 yrs) wth 3 yrs in snr pos in mktng, pref yarns in rptd co wth xprnce in accts/admn • *Resp* Ovrsee dye hse for hndlms & hndcrfts corp • *Cont* The Managing Director, North Eastern Handicrafts & Handlooms Development Corporation Ltd, Anuradha Conference, Bamunimaidan, Guwahati 21 (S—28.6)

MNGR (Prdn) ● Eastern India • *Sal* Attr • *Age* 40-45 yrs • *Qlfn* Engg grad/dipl hldr • *Reqd* 15-18 yrs rltd xprnce wth knwlj of Indian IR Act x-srvcmn prefrd if crtra are met • *Resp* All prdn fncns in fctry, coord/achve prdn trgts, QC, rw mtrls prchss & invntry cntrl, mntr bdgtry csts • *Cont* PO Box: 2827, GPO, Calcutta 1 (S—3.7)

South

MNGR (Prdn) ● Hyderabad • *Sal* Neg • *Age* NS • *Qlfn* BE (mech/elec) • *Reqd* 10 yrs in prdn of flrscnt tubes + fmlrty wth lamp mkng mach/techs/etc • *Resp* Ovrsee prdn of flrscnt lmps • *Cont* The Jt Managing Director, Lumino Lamps Ltd, 1-2-593/21 Gaganmahal Colony, Domalguda, PO Box: 1070, Hyderabad 29 (H—2.7)

MNGR (IR) ● Madras • *Sal* Neg • *Age* NS • *Qlfn* PG in prsnnl mngmnt + deg in law • *Reqd* 10 yrs rltd xprnce in mfg oprtns & knwlj of Tamil • Hd IR fncn, crte/maint hlthy IR clmte, frmltn/implmntn of IR polcs • *Cont* The Manager (Organisation & manpower), Ashok Leyland Ltd, 19 Rajaji Salai, Madras 1 (H—24.6)

MNGR (Sys) ● Bangalore • *Sal* Neg • *Age* 32-38 yrs • *Qlfn* CA/BE with MBA (fin) • *Reqd* Xpsre to EDP wth 5 yrs in devp of sys in MNC or rptd indus hse • *Resp* Dsgn/devp/mntrng of MIS in mfg set-up + intgrte MIS wth xstng acctng sys + EDP prcdrs • *Cont* The General Manager (HRD), United Breweries Group, UB House, 1 Grant Road, Bangalore 1 (H—25.6)

MNGR (Prodn—rllng mll) ● Bangalore • *Sal* Rs 75,000 pa (neg) + prks • *Age* NS • *Qlfn* NS • *Reqd* 12 yrs rltd xprnce wth min 3 yrs indpndnt chrge of rllng mll • *Resp* Hd prdn dept, achve trgtd prdn, nsre stndrdsd prctcs & prpr wrk hbts & imprvd prdctvty + tke chrge of srvcs dept, incl mach shp, rll assmbly sctn, etc • *Cont* P. N. Venugopal & Associates, Executive Search & HRD Consultants, No: 4 Rest House Road, Bangalore 1 (S—28.6)

MNGR (Advt & mrchndsng) ● Bangalore • *Sal* Attr • *Age* 29+ yrs • *Qlfn* Grad, pref wth mngmnt frm rcgnsd instte • *Reqd* 5 yrs in rptd advt agncy or in prod mngmnt/advt in mktng orntd org • *Resp* Wrk clsly wth sls/MR dwpts & rcmmnd advt strats, coord wth advt agncy, devp in-hse mrchndsng/dsply, mntr/evlte effctvnss of advt/mrchndsng • *Cont* The General Manager (Services), Titan Watches Ltd, Sona Towers, 71 Miller Road, Bangalore 52 (BI—29.6)

MNGR (Cld frmng divn ● Hyderabad • *Sal* NS • *Age* NS • *Qlfn* BE (mtl/mech) • *Reqd* 5 yrs in indus • *Resp* Tool dsgn, prdn, cstmr srvce • *Cont* The Managing Director, Southern Steel ltd, Moula Ali, Hyderabad 40 (H—29.6)

Overseas

MNGR (QC) ● Thailand • *Sal* Attr + hsg • *Age* NS • *Qlfn* MSc (chem) • *Reqd* Min 15 yrs in mdrn lab flly eqppd wth chrmtgrphs/spctrgrphs/etc of orgnc/sythtc fbre indus 7 yrs in-chrge of QC dept • *Resp* NS • *Cont* PO Box: 6120, Bombay 5 (S—26.6)

Appointments

VICE PRESIDENT
(FINANCE)

Bombay
Ref: MSB 319

Excellent Compensation Package

We have been retained by a reputed multi-national business group with annual turnover of Rs. 250 crores to advise on the selection of an outstanding professional to head the group's finance function.

The incumbent will be responsible for all aspects of financial management including accounting, budgetary/cost control, treasury, information systems, institutional liaison etc. He will be expected to carry out financial planning for the group, actively participate in strategic planning and provide financial advice to the operating heads. He will lead a team of professional and enthusiastic managers. The position reports to the Chairman.

Candidates should be qualified Chartered Accountants preferably with MBA qualification and exposed to computerised environment. The selected individual will have a proven track record in successful companies, possess exceptional skills and personality and be a team player. Compensation package which includes a fully furnished house, car with driver etc. will be offered and is designed to attract the best available talent. Preferred age 40-50 years.

Applications furnishing complete details of qualifications, experience, age and salary should be forwarded within 10 days to:

Mr. A.K. Bahl
Price Waterhouse
P.O. Box 462, Bombay 400 001.

Applications and envelopes which MUST be marked with the appropriate reference number will be treated in the strictest confidence. Candidates who are being considered will receive an intimation within one month.

Appointments

SOUTHERN ASBESTOS CEMENT LIMITED

SOUTHERN ASBESTOS CEMENT LIMITED is one of the leading organisations in the **RAMCO GROUP OF COMPANIES.** The organisation, which is a large scale manufacturer of Asbestos Cement Sheets and Pressure Pipes with factories in Tamil Nadu, Karnataka and Madhya Pradesh, has just set up a new asbestos cement sheet plant at Maksi, Madhya Pradesh. The annual turn-over is expected to grow from Rs. 30 crores to Rs. 50 crores by end 1988. The organisation is looking for **HIGH CALIBRE FINANCE PROFESSIONALS** to occupy key positions.

VICE PRESIDENT (FINANCE)

MADRAS

The incumbent would take overall charge of the entire finance and accounts functions of the Company. Key responsibility areas will include financial planning and control, mobilisation of funds, tax planning and budgeting. Familiarisation with computers is essential. This is a key position and the selected person would be expected to contribute to the formulation and implementation of corporate plans. He will report to the President.

Candidates should be Chartered Accountants or MBAs (Finance) in the age group of 35 to 40 with a proven record of high performance. They should have held independent charge of the finance and accounts functions in a reputed manufacturing organisation.

WORKS ACCOUNTANT

MAKSI

The incumbent shall be responsible for all unit finance and accounts of the 2 factories at Maksi, Madhya Pradesh. Key responsibility areas include financial accounting, cost monitoring, budgetary control and commercial taxation. Familiarisation with computerised accounting systems is essential.

Candidates should be Cost or Chartered Accountants with a minimum of 4 years post qualification experience in a factory based function.

Both positions offer very attractive emoluments with excellent growth prospects.

Please apply within 10 days giving details of age, qualifications and career accomplishments to :

The President
Southern Asbestos Cement Limited
Chordia Mansion,
739 Anna Salai, Madras – 600 002.

CLARION-M-SACL-43-87

VICE PRESIDENT
(MANAGEMENT SERVICES)

Bombay
Ref: MSB 323

Excellent Compensation Package

We have been retained by a reputed multi-national business group with an annual turnover of Rs. 250 crores to select an outstanding professional to head the group's Management Services and Internal Audit functions.

The incumbent will be responsible for instituting adequate operational and financial controls, cost reduction and work simplification measures and productivity audit. He will also be expected to review the policy-formulation, planning and co-ordinating mechanisms, organisation structure and adequacy of operational and information systems. The main thrust will be on offering constructive recommendations to management for enhancing profit and performance and on approval monitor their implementation. He will be assisted by a team of professionals. The position reports to the Chairman.

Candidates must be qualified Engineers or Accountants with post graduate qualifications in Management/Industrial Engineering. At least 10 years relevant experience in reputed groups/companies, excellent general management and human relations skills are pre-requisites for the position. Attractive salary and perquisites including housing, car etc. will be offered and will not be a constraint.

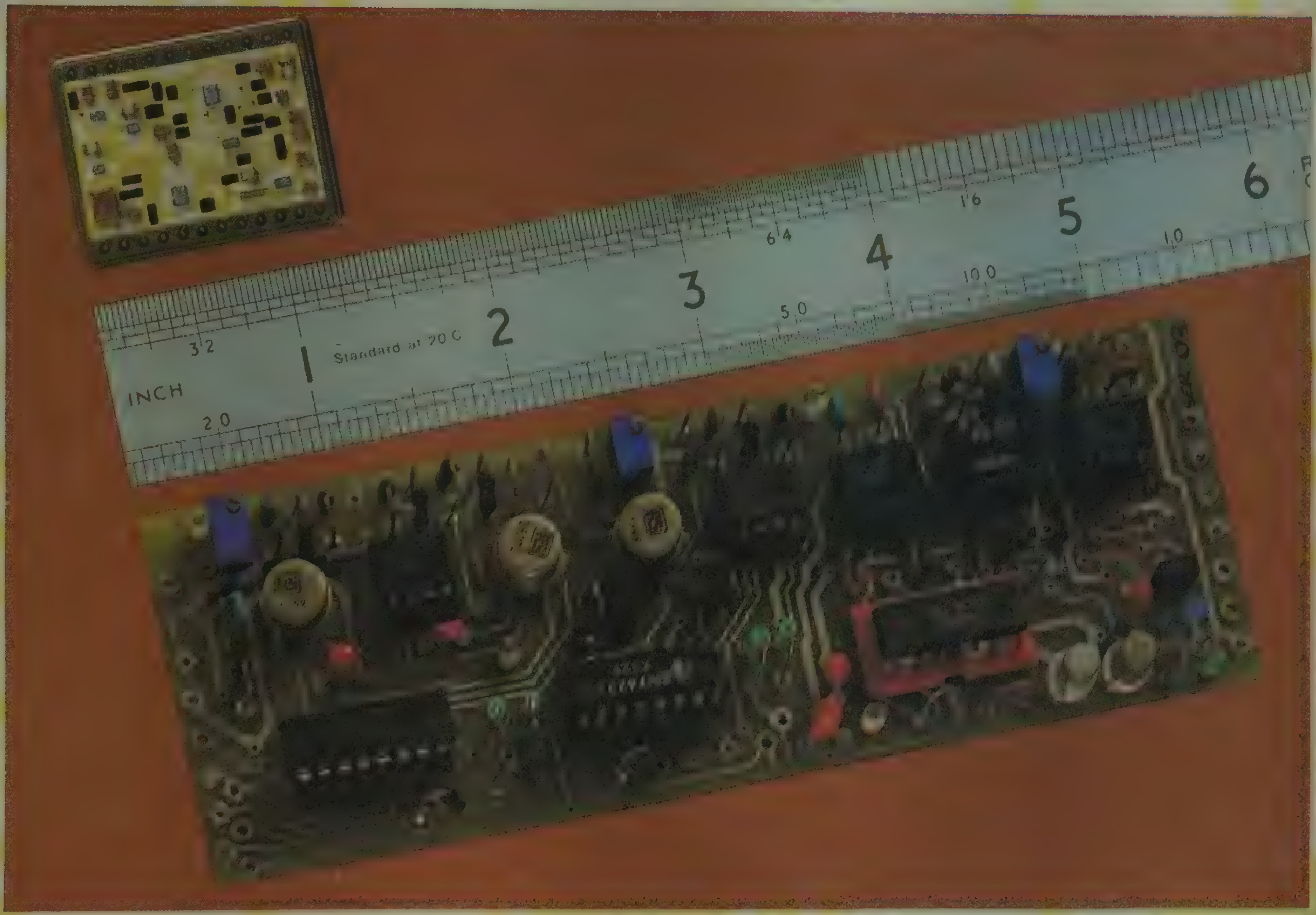
Preferred age 35-45 years.

Applications furnishing complete details of qualifications, experience, age and salary should be forwarded within 10 days to:

Mr. A.K. Bahl
Price Waterhouse
P.O. Box 462, Bombay 400 001.

Applications and envelopes which MUST be marked with the appropriate reference number will be treated in strictest confidence. Candidates who are being considered will receive an intimation within three weeks

LOSE INCHES WITH VHEL



Dedicated to the manufacture of thick film hybrid circuits **VHEL** capabilities go beyond the ordinary. Whether your need is a simple or a highly complex multilayer circuit, our knowledgeable team of design engineers will work with you to efficiently and economically produce your products.

VHEL hybrid technology can be applied to wide range of products from a simple resistor network to a complex circuit module equivalent to a complete electronic system. The availability of high quality active and passive components in chip and SMD form enable the technology to be used in almost every application: Telecommunication, Aerospace, Instrumentation, Computers, Medical, Automotive or Consumer Electronics.

The reliability requirements of all electronic systems are severe. The **VHEL** kind of quality doesn't just happen, it is built into each product through state-of-the-art production technology, high quality materials, process control, stringent quality control and assurance tests conforming to international standards, such as MIL 883B, BS 9450 and JSS 51400. This expertise is developed by **VHEL** in collaboration with WELWYN Microcircuits U.K., Europe's largest independent custom hybrid and flexible circuit design and production organisation.

VHEL packaging capabilities offer modular solutions to many electronic design problems including:

* **Lower cost through higher performance.**
* **Better system integration through custom packages.**
* **Increased functions through combining device technologies.**
* **Better performance through faster speed.**
* **Proprietary protection through hybrid enclosures.**
* **Higher reliability through fewer interconnects.**
* **Dynamic and functional adjustments.**

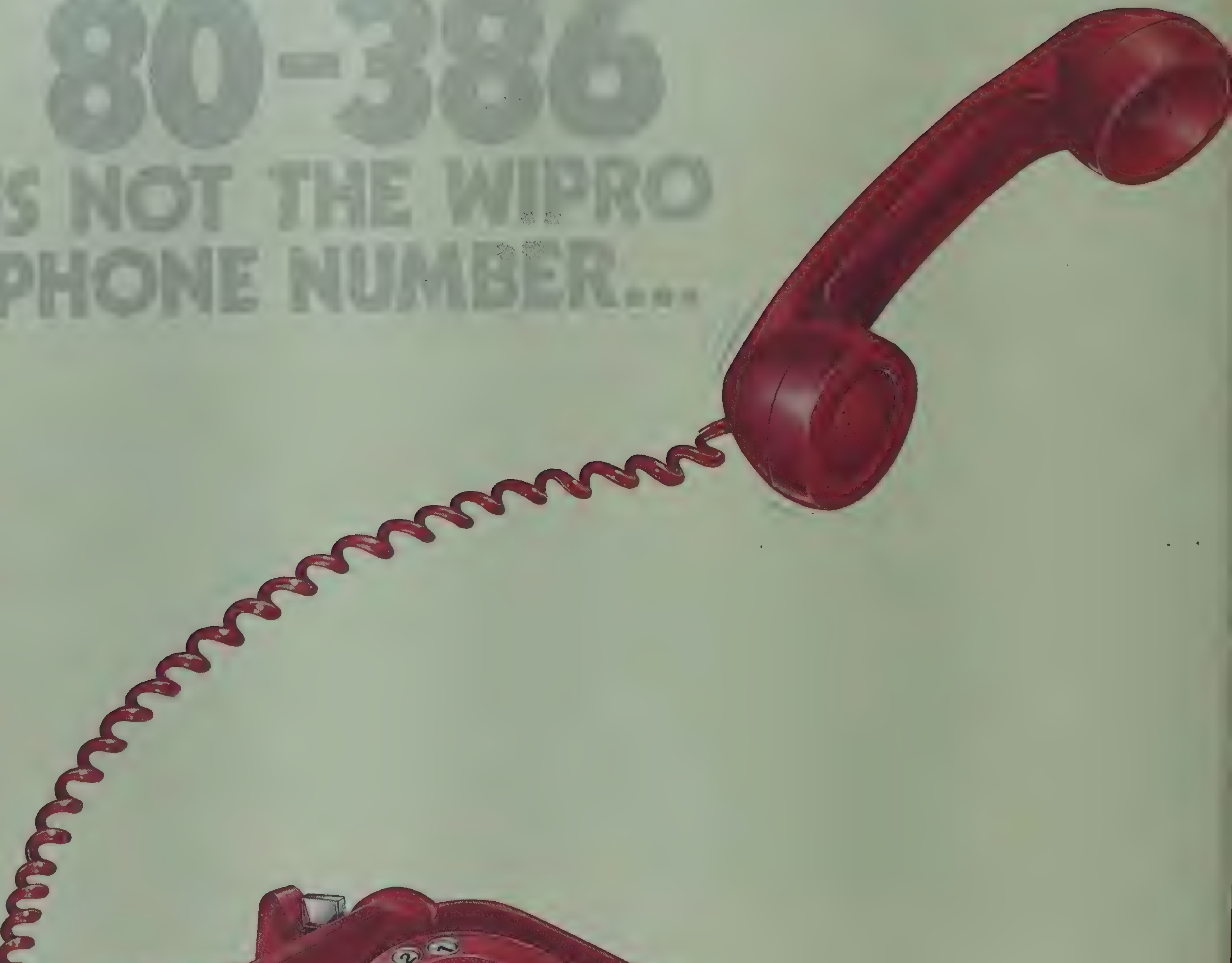
VHEL

VIKAS HYBRIDS & ELECTRONICS LTD.
B-433 New Friends Colony, New Delhi-110065 (INDIA)
Phone: 6831941, 6836541 Cable: VIKTRON
Telex: 31-65064 VHEL-IN

VIKAS HYBRIDS Destroying the myth that all circuits are created equal

CHIRANJIN

80-386
IS NOT THE WIPRO
PHONE NUMBER...



...BUT IT SURE KEEPS
OUR PHONE RINGING!

WIPROS

Almost every time we pick up the phone at WIPRO there's one more enquiry on our 386 mini.

But what sounds even better is the numbers in our order books. In just three months the value of orders booked for the Series 386 has crossed Rs 40 million. A figure that keeps increasing every day.

The super chip behind the super mini

Series 386 employs the leading-edge microprocessor technology of the world's most powerful chip, Intel 386. As well as several architectural nnovations by WIPRO's R & D.

As a result, Series 386 is the first minicomputer to cross the 10,000 ines/minute barrier in compilation peeds. With an amazing 12,000 lines er minute, it leaves other systems ay behind.

A Benchmark Evaluation

	S-386	ND-100	H-III	ESPL 32V
Creation of ISAM file of 10,000 records	51	217	671	185
Read alternate records (Seq. from above file)	18	123	104	132
Read/rewrite records (Seq. from above file)	60	223	535	206
Creation of 1 00,000 records seq.file	65	211	459	118
Read above file sequentially	48	187	132	107
Disk copy of the above file:				
a) Through system utility	40	107	62	57
b) Through COBOL program	100	424	—	228
Sort 81,000 records	237	1348	780	939

ote: Timings given in seconds Source: Dataquest H III – 68010 version

ainframe power at mini prices

ith Series 386, you get the power a mainframe computer at about e-tenth the price. A price that puts the performance within reach.

e industry's most versatile mini

hat makes the Series 386 more genious than any other mini is the unique fact that it supports three operating systems: UNIX V.3, MS-DOS under UNIX and WDOS.

The system also provides a large software base and support for a variety of peripheral devices.

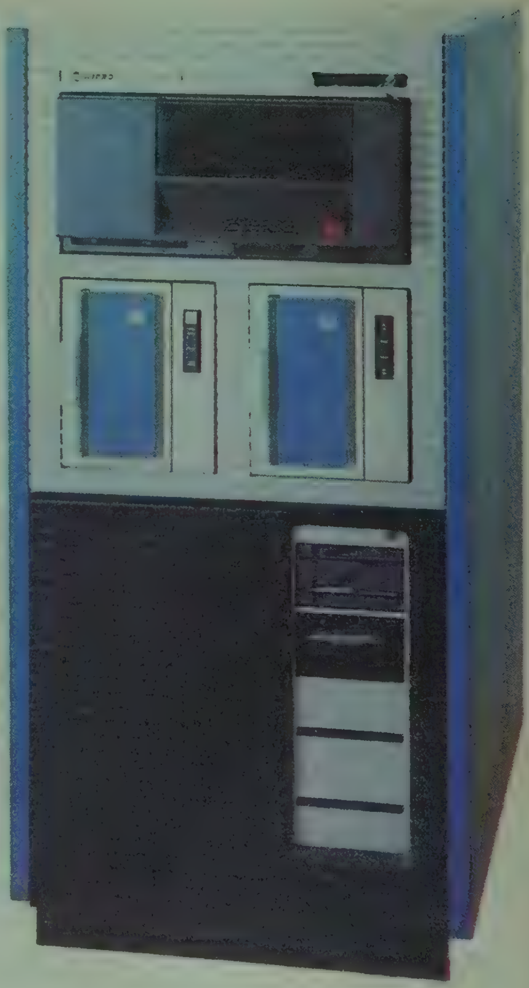
And deliveries in full swing!

This state-of-the-art system, introduced only recently, has generated an overwhelming response from buyers. A number of Series 386 minis have already been installed and more are being delivered.

From the No. 1 in minicomputers

The fact that it's from WIPRO means you get the very best as far as service and support go. Whether it's hardware maintenance or software implementation. Support that makes WIPRO the most trusted name in the computer business.

UNIX is a registered trademark of AT & T Bell Laboratories, USA.
MS-DOS is a registered trademark of Microsoft Corporation, USA.



For more details, contact:
The Product Manager

WIPRO
INFORMATION TECHNOLOGY LIMITED
88 Mahatma Gandhi Road Bangalore 560 001
Phone: 569622 Telex: 845-8356

HTA 8535

RIES-386

Reaching out to you. Wherever you are.

A nationwide network of sales offices, stockyards, warehouses and consignment agencies maintaining close contact with customers.

A team of helpful application engineers, advising on product usage.

A Company where marketing is not an impersonal sale of products.

That is Tata Steel.

Reaching out to customers.

Responding to ideas on new product development.
Ensuring that commitments made are kept.
Constantly searching for ways to serve you better

TATA STEEL

SENIOR APPOINTMENT — at GUJARAT

Kanoria Chemicals & Industries Ltd.

Requires the following senior management personnel for their Chemical Works Division at Ankleshwar.

1. VICE PRESIDENT (TECHNICAL)

The Vice President (Tech) will have an overall responsibility of all the production activities. The incumbent should have appropriate technical back ground with atleast 15 years of proven senior level experience. Exposure to Chemical Industry would be desirable. Preferred age: 40-45.

2. COMMERCIAL/FINANCE MANAGER

The candidate should be a Chartered Accountant/M.B.A. with 10 years experience. The incumbent will be responsible for all financial and commercial matters of the unit. Preferred age: 35.

3. PERSONNEL MANAGER

The candidate should be a Graduate having atleast 7-10 years experience. He should have varied personnel management experience including manpower planning, recruitment, labour laws, etc. Preferred age: 35.

The remuneration package for all the above positions will be attractive and is not a constraint for the right candidate.

Please apply in strict confidence giving full details of age, qualifications, experience and salary drawn to:

The President
KANORIA CHEMICALS & INDUSTRIES LTD.
3407, GIDC Estate, Ankleshwar 393 002. Gujarat.

Appointments

PROFESSIONALLY MANAGED LARGEST OFFICE AUTOMATION COMPANY IN INDIA WITH STRATEGICALLY LOCATED MANUFACTURING UNITS AND MARKETING FACILITIES SPREAD ALL OVER THE COUNTRY EXPECTED TO ACHIEVE A SALES TURNOVER OF RS. 250 CRORES BY 1990 IS LOOKING FOR RESULT ORIENTED DYNAMIC PERSONS WITH PROVEN RECORD OF SUCCESS

FINANCIAL CONTROLLER

NEW DELHI **SALARY: Rs. 1.40 lacs + CAR**

Reporting to Director Finance, the selected candidate will head the finance department of a division. The incumbent will be responsible for financial accounting, management information system, budgetory control, working capital management, management accounting and cost control systems.

Candidates should be Chartered Accountants with minimum 10 years of experience at senior positions. Age: 35 to 40 years.

GROUP INTERNAL AUDITOR

NEW DELHI **SALARY: Rs. 1.40 lacs + CAR**

Reporting to the management at the highest level, the selected candidate will head the Internal Audit Department. The incumbent will be responsible for development of internal audit department from scratch and will concentrate on system, performance and operational audit on an all India basis.

Candidates should be Chartered Accountants preferably with Institute of Inernal Auditors membership. Must have minimum 10 years experience with at least 3 years in an industrial group in similar position. Age: 35 to 40 years.

ASSISTANT COMPANY SECRETARY

NEW DELHI **SALARY: Rs. 60,000**

Reporting to Director Finance, the selected candidate will head the secretarial department presently. The incumbent will be responsible for all matters relating to compliance with statutory requirements under different enactments. An important part of the job will be ensuring efficient service to shareholders and depositors.

Candidates should be qualified Company Secretaries with at least 5 years of relevant experience. Preference will be given to the candidates who have handled large public issues successfully. Age: 30-35 years.

Apply in strict confidence, within ten days, with detailed bio-data indicating post applied for age, qualification, experience and present emoluments to:

Box No. AA/244/BT/1, **Business India**, 59, Regal Building, Connaught Circurs, New Delhi-100 001.

Appointments

ABC's major specialisations include Corporate Consultancy • Project Reports • Operations Research • Industrial Engineering • Systems & Procedures • Computer Feasibility • Organised Cost Reduction • SWOT Analysis • Socio Economic Studies • Materials Management • Software Packages • Business Negotiations

GENERAL MANAGER – WORKS

Highly Successful Light Engineering Company

Hyderabad **Excellent Terms**

A blue-chip light engineering company, belonging to a **Top Industrial Group** requires a General Manager for one of its manufacturing divisions at Hyderabad. The company is a multi-product, multi-unit organisation and is a **market leader** for its products having a turnover of over Rs. 100 crores.

The GM will have **over-all profit centre responsibility** for the Works, including production, planning procurement, quality assurance, industrial harmony etc. He will be required to sustain high productivity, continuously up-date technology and maintain good labour relations, in order to achieve corporate goals.

The position calls for a **mature business manager,** possessing excellent academic and professional record, with about 10 years experience in a senior management position having multi-functional responsibility.

This is a very senior position in the company and offers **excellent growth opportunities.**

Salary will not be a limiting factor for the right candidate and the position carries very attractive compensation package which includes all **senior management perquisites** so as to attract the best talent.

Please apply within 10 days to **V S Gurumani, General Manager** with complete bio-data marked with the appropriate reference number and code GMW/DEL/270.

ABC CONSULTANTS PRIVATE LIMITED

209 MEGHDOOT, 94 NEHRU PLACE NEW DELHI – 110 019 PHONE: 6433383

WE ARE LOOKING FOR A GENERAL MANAGER (MIS)

THE COMPANY

We are a Rs. 250 crore Bombay based automobile manufacturing company with an installed computer base of Rs. 1 crore, consisting of a mainframe, minis, and several micros.

Today, we are computerizing all operational and managerial functions. Our executive offices are being equipped with state-of-the-art business systems and the R&D centre is acquiring the latest CAD/CAM tools.

THE MAN

Age: 40-45 years

Experience: 15-17 years of relevant experience in Systems, EDP & O&M environment, with the last 5-7 years in a senior position in a large organization and preferably in an ICIM system environment. Experience in the administration of computer and O&M related activities will be a plus.

Qualifications: Graduate in Engineering with a postgraduate degree in business management/industrial engineering or C.A./I.C.W.A.

The candidate should be a dynamic, goal oriented professional with proven management skills. He must be able to view the organization in its totality, make independent decisions, and take responsibility for the management of all O&M and Systems projects. He is expected to co-ordinate with other user departments in the organization.

THE JOB

(i) MIS issues. The candidate will be responsible for initiating and accomplishing all MIS activities. This will involve co-ordination between the Systems Department and the user departments.

(ii) EDP activities. This will involve ensuring smooth operation of all data processing activities being done in the organization.

(iii) O&M issues. Procedures and norms currently in use in the organization will have to be reviewed and streamlined where required. This will have to be done keeping in mind the Company's goal of computerizing as many operational and managerial procedures as possible.

We offer a very attractive remuneration package.

Write in confidence with expected remuneration package, to:

Box No. AA/244/LP/3, **Business India**,
Wadia Building, 17/19 Dalal Street,
Bombay 400 001.

Appointments

SAMTEL (INDIA) LIMITED

We are the largest manufacturer of Picture Tubes in the country and poised for large scale expansion. We are diversifying into manufacture of colour picture tubes in technical collaboration with Mitsubishi Electric Co. of Japan. Plans are also on hand for a very large hi-tech project with substantial investment commitments with foreign collaboration.

GENERAL MANAGER

Bhiwadi (70 Kms from Delhi) **Around 45 years**

We are looking for an outstanding professional to head our B/W picture tube plant at Bhiwadi with a capacity to produce 1.5 million tubes. The incumbent would be responsible for the profitable operation of the plant and its effective growth. The job calls for experience in profit centre management and ability to lead a strong team of professional managers

Applicants should be Engineers with 15-20 years of experience in successfully managing manufacturing operations preferably in a process industry. The position reports to the President of the Group and provides a high degree of autonomy for managing the unit

COMPANY SECRETARY

Delhi **Around 40 years**

The Company Secretary will be responsible, in addition to the usual Secretary's duties, for all matters relating to Companies Act, MRTP, FERA, etc. He will also ensure efficient servicing of a large number of shareholders.

Candidates must be qualified Company Secretaries with 10-15 years post qualification experience in an organisation of repute, with an ability to lead and motivate a team of professionals.

Salary is negotiable and will not be a constraint for the right candidates. Other perks will include all those that go with responsible job of this nature.

The General Manager will be provided a house in the Company's well kept housing colony near the works, complete with amenities of club and a public school.

Please apply in strict confidence within 10 days to:-

President
Samtel (India) Limited
50-51 Community Centre
New Friends Colony
NEW DELHI-110 065

Appointments

Coal India Limited

(A Government of India Enterprise)

Needs

COMPANY SECRETARY

We are looking for an outstanding professional to work as Company Secretary at Corporate Headquarters at Calcutta.

The incumbent should be in his forties and possess a university degree with Associateship/Fellowship of the Institute of Company Secretaries of India, preferably with a degree in Law and 20 years experience as an Executive in a large Public/Private Sector Company of which 14 years should be as Company Secretary after acquisition of professional qualification.

Remuneration package includes a salary of Rs.3500-100-4000/- with Industrial D.A. and other benefits as per Rules of the Company. He will be guided by general service conditions of the Company as applicable from time to time. The total pay at the minimum and maximum of the scale will be Rs.5500/- and Rs.6000/- respectively. Higher starting pay in the scale may be offered to an exceptionally qualified and experienced candidate.

Application with full details of age, qualifications and experience including service details and emoluments drawn in different positions should reach Dy. Chief Personnel Manager (Recruitment), COAL INDIA LIMITED, 10-Netaji Subhas Road, Calcutta—700 001 within 15 days from the date of publication of the advertisement alongwith a postal order for Rs.30/- in favour of Coal India Limited. Those working in Public Sector Undertaking or in Govt. Organisation should apply through proper channel. Candidates called for interview will be reimbursed 1st Class return fare by the shortest route.

Candidates who had responded to our earlier advertisements need not apply.

UNIPROJECT®

UNIQUE GROUP OF COMPANIES

Unique Project Fabricators P. Ltd. is involved in Site fabrication, Equipment erection, Piping, Turnkey contracts, manufacture of Electric Arc Furnaces, ESR Furnaces and Special Furnaces, Winches and Haulages.

Unique Industrial Handlers P. Ltd. manufactures EOT Cranes and Material Handling Equipment.

Mikron Industrial Components P. Ltd. manufactures Gearboxes, Wheels and other components and spares for the construction industry.

Unique Group actively involved in the industrial field, has various openings for its future manpower requirements necessary for its growth. It believes its people to be its greatest asset and considers that individual aspiration and corporate growth coincide.

The Unique Group **REQUIRE** the following personnel:

General Managers (Operations, Site Management, Planning, Production and Marketing Areas):

For assuming overall charge of the division. The selected individuals would ensure current and future profitability and growth of the division. The individuals should have proven track record in Operations/Site Management/Production/Planning/Marketing with over 10 years experience.

Senior Managers (Operations, Site Management, Planning, Production, Marketing, Design, Accounts and Commercial Areas):

Persons with experience in respective fields who can independently handle their functions with adaptability to the changing environment.

Engineers/Officers (For all the above areas):

Candidates should preferably be graduates.

The Company offers a congenial working environment, opportunities for rapid growth and an attractive remuneration package.

Please apply within 10 days to:

K.K. RAI, Director,
UNIQUE PROJECT FABRICATORS P. LTD. Hall Bungalow, CIDCO, Nasik-422 009.

Sai-2

CITIBANK

Consumer Services Group

needs

MARKETING PROFESSIONALS

Marketing is a key function within the Citibank Consumer Services Group. Market and customer focus in the CSG is no different from a food, toiletries or durable business.

To handle the rapid expansion of the group's activities involving new consumer finance programmes, CSG is strengthening the Marketing Group through new openings for the following professionals:

MARKETING MANAGER

(Upto Rs. 90,000 pa plus housing, car, etc.)

A marketing professional with 8 - 10 years of senior product management experience encompassing research, product development and agency liaison for campaign development. A recognised post-graduate management qualification and ability to lead a team of product managers is most essential.

PRODUCT MANAGER/ MARKETING SERVICES MANAGER

Young marketing professionals with post-graduate management qualifications, and hands on brand management experience of 1 to 3 years. For the Marketing Services function, professionals in Market Research agencies or handling such assignments would qualify.

The compensation package is structured to attract and retain the best talent and includes housing.

Applications will be treated in the strictest confidence. Applications enclosing detailed resumes may be addressed to **Personnel Search Services** or to the **The Marketing and Service Director , Citibank, CSG, 9th Floor, Air India Building, Nariman Point, Bombay - 400 021,** within 10 days of this advertisement.

PERSONNEL SEARCH SERVICES

3rd Floor, Sambava Chambers, Sir P.M. Road, Fort, Bombay-400 001.
Tel: 2862660, 295963

TATA KLOCKNER
INDUSTRIAL PLANTS LTD

MARKETING / BUSINESS DEVELOPMENT MANAGERS

New Delhi

Attractive compensation package

Tata Klockner Industrial Plants Ltd is an Indo-German joint venture company specialising in the execution of turnkey industrial projects from conception to commissioning. For our expanding operations we require two Marketing/Business Development Managers for the following positions:

Manager–Chloralkali Projects

In line with our strategy of being a leader in the transfer of advanced technology to India, we are collaborating with Stearns Catalytic Corporation, USA, for technology transfer and indigenisation of knowhow/basic engineering for ICI's FM-21 Membrane Cell technology for the chloralkali industry.

Reporting to the Managing Director, the incumbent will be responsible for technology assimilation and marketing of Membrane Cell technology projects as well as related business. Candidates should be around 35-40 years with a good Chemical Engineering degree and some years' experience with a consultancy/engineering company, preferably with prior experience in the chloralkali industry. The selected candidate will receive a period of training overseas and have extensive exposure to international operations.

Manager–Chemicals/Petrochemicals Projects

Reporting to the Managing Director, the incumbent will be responsible for sale and business development of chemical and petrochemical projects and will closely coordinate these functions with our parent companies Klöckner Industrie–Anlagen GmbH, West Germany and Tata Projects Ltd., Bombay.

Candidates should be Chemical Engineers, around 35-40 years, with a minimum of 10 years' experience with a consultancy/engineering company and a successful record at marketing of projects.

Candidates for both the above positions will be expected to show a high degree of initiative and independence, combined with superior communication skills.

These are excellent opportunities to join a dynamic, technology-based company with international operations.

The compensation package will be attractive, with generous fringe benefits, including relocation expenses and housing in Delhi which will be considered on need and merit basis.

Please apply in strict confidence within 10 days to:

The Managing Director
Tata Klockner Industrial Plants Ltd
14-H Hansalaya Building, 15 Barakhamba Road
New Delhi-110 001.

INTERFACE 9801

Appointments

THERMAX

We are a growing, multidivisional, engineering Company manufacturing and marketing a wide range of equipment, systems and services in the area of Energy and Environment.

DIVISIONAL MANAGER
(POST HARVEST EQUIPMENT)
PUNE

As part of our diversification programme, we have identified Post-Harvest Technology as an area of promise – both as a source of profit and in the fulfillment of the country's need for modern agriculture. We are in search of a **Divisional Manager** who shares our sense of mission.

Our **Post Harvest Equipment Division** designs, manufactures and markets equipment and systems for processing and storage of post harvest agricultural produce, such as paddy, wheat, oilseeds, etc. The Divisional Manager will be an experienced Business Manager who will take charge of this Division as a Profit Centre and be fully responsible for growth and results. He would develop and lead an enthusiastic team of professionals to create a new awareness in the market for modern methods of storage and handling of agricultural products in the private, co-operative and public sectors.

The right candidate will be an Agricultural or Mechanical Engineer, around 40 years of age, and will have an intimate 'hands-on' experience of capital goods marketing in the agricultural sector (of which 5 to 7 years would be at a senior level). Post-graduates in marketing and financial management would have an advantage.

Salary and perquisites would be attractive and would be in the region of Rs. 120,000 per annum. This can be relaxed for a particularly outstanding candidate.

Pune is about 4 hours drive, and half an hour flight from Bombay, with flight connections to most important cities. Though highly industrialised, Pune still retains a natural charm and provides opportunities and an atmosphere for improved quality of life. It enjoys pleasant weather almost throughout the year and is an ideal work place.

If you are looking for a creative and challenging assignment and are prepared to be judged by results, please apply within 15 days with full particulars to :

GENERAL MANAGER (HUMAN RESOURCES),
THERMAX PRIVATE LIMITED,
CHINCHWAD, PUNE 411 019.

CITIBANK

Consumer Services Group

needs

TOP FLIGHT COMPUTER PROFESSIONALS

— BOMBAY & DELHI.

The Consumer Services Group of Citibank (India) is growing rapidly. Technology is central to the CSG proposition of service excellence.

The Group has openings in Bombay and Delhi for several Computer Professionals in areas such as **Software Development, Management of Data Centre Operations, Software and Database Maintenance, E.D.P. — Audit, User Coordination and Training, System Engineering and Systems Analysis.**

These positions will interest outstanding computer personnel with professional qualifications in Accounting/Computer Science/Engineering/Management and two to ten years experience. Exposure to an online environment with Prime Computers and Primos would be an advantage.

All positions call for persons with good communication and interpersonal skills. The senior positions require persons with proven man management and administrative skills.

The compensation package is attractive and is tailored to attract and retain the best talent.

Please apply with a detailed biodata and a passport sized photograph within 10 days of this advertisement to:

PERSONNEL SEARCH SERVICES

(A division of Lobo Business Services Pvt Ltd)
3rd Floor, Sambava Chambers,
Sir. P.M. Road, Fort, Bombay-400 001.
Tel: 2862660, 295963

KHAITAN GROUP

khaitan electricals ltd.

We are among the fast-growing multi-product multi-location companies in the Khaitan Group, having our plants at Faridabad, Noida and Tarapur and manufacturing famous 'Khaitan' brand electric fans, FHP motors, cooler equipments and electrical home appliances. We attach high importance to research and developmental activities; constantly review and upgrade our products and endeavour to give maximum utility and value for money to our customers. To meet our growth plans, we require :

R & D MANAGER AT FARIDABAD

The incumbent would have the overall responsibility of upgrading the existing product lines and developing new products.

He would, on a continuous basis, undertake value analysis, review customer complaints, quality control, process and other related problems so as to achieve the end-objective of optimising the functional utility and efficiency of the entire product range.

He would also develop new products within the overall specified policies and guidelines. His role would start from freezing the functional specifications and would extend right upto productionisation covering (i) preparation of detailed enginering designs and drawings (ii) development of proto-types (iii) co-ordination of pilot-testing and (iv) review and incorporation of customer feed-back.

We have excellent facility, including fully equipped laboratory and design office and a team of qualified engineers to assist the above activities.

This is a senior management position. The person should have creative, conceptual and human relation skills. He should be a mechanical engineer with 10-12 years sound design and developmental related experience in a reputed organisation preferably in a light engineering industry. The right candidate will have challenging work environment, opportunities for accelerated growth and an attractive compensation pacakage.

Please reply in strict confidence listing your work experience, salary drawn and expected alongwith a recent passport size photograph (non-returnable) within 15 days to :

The Managing Director,
Khaitan Electricals Ltd.,
Plot 14, Sector 6,
Faridabad-121 006

CONSULTING PROFESSIONALS

Price Waterhouse requires high calibre consultants at various levels in the following disciplines for its management consulting practice in Bombay.

■ **Finance and Internal/ Operations Audit**	**Ref: MSB 324**
■ **Systems and EDP**	**Ref: MSB 325**
■ **Human Resources**	**Ref: MSB 326**

The selected candidates will be put on challenging and stimulating assignments with our diverse range of clients. The firm also has in-house computer facilities. Flair for consulting work, excellent communication skills (verbal and written) and innovative ability are pre-requisites besides professional educational background and experience.

MANAGEMENT PROFESSIONALS

We also seek competent professionals with impressive track records for our client organisations at various levels in the following areas:

■ **General Management**	**Ref: MSB 327**
■ **Finance, Accounts & Audit**	**Ref: MSB 328**
■ **Secretarial & Legal**	**Ref: MSB 329**
■ **Marketing & Sales**	**Ref: MSB 330**
■ **Technical**	**Ref: MSB 331**
■ **EDP & Systems**	**Ref: MSB 332**
■ **Materials Management**	**Ref: MSB 333**
■ **Personnel, IR & Administration**	**Ref: MSB 334**

Salary and benefits will be commensurate with the qualifications and experience but no housing will be provided for positions in Price Waterhouse.

Applications furnishing complete details of qualifications, experience, age, salary should be forwarded in strict confidence within 10 days to:

Price Waterhouse
P.O. Box 462, Bombay 400 001.

Applications and envelopes MUST be marked with the appropriate reference number. Candidates who are being considered will receive an intimation within one month. All applications will be treated in strict confidence.

Appointments

U*nitel Communications Limited is a joint sector telecom project of the Orissa State Electronics Development Corporation and United Breweries Limited, Bangalore. This Rs. 14 crore project with its factory in Bhubaneshwar is in technical collaboration with M/s. GTE-ATEA, Belgium and M/s. Ericsson Information Systems, Sweden for the manufacture of EPABXs and Push Button Telephones respectively.*

We are looking for the following professionals at Bhubaneshwar:

PRODUCTION

1. Manager
2. Deputy Manager

Qualifications :

Graduate in Electronics. About 10 years experience for Managers and 6 years for Deputy Managers. Proven skills in man-management, profit centre orientation, production and quality optimisation. Familiarity with micro-computer based electronic products, telecom devices and hybrid technology would be advantageous.

MATERIALS

1. Manager
2. Deputy Manager

Qualifications :

About 10 years experience in the electronics industry for Managers and 6 years for Deputy Managers. Relevant experience would be in vendor development, imports, purchase and materials planning.

R&D

1. Manager
2. Deputy Manager

Qualifications :

Masters/Bachelors degree in Electronics. About 10 years experience for Managers and 6 years for Deputy Managers in the field of computers, telecommunication or industrial electronics. Experience must include knowhow assimilation and transfer, design & development, engineering and product support.

Remuneration of approximately Rs.48,000 p.a. for Managers and Rs.36,000 p.a. for Deputy Managers. Extra perquisites would include unfurnished accommodation, conveyance allowance, professional development allowance, medical, Provident Fund etc.

Send your detailed Bio-data **specifying the post applied for** within 10 days to :

THE GENERAL MANAGER (TECHNICAL)
UNITEL COMMUNICATIONS LTD.,
A-163 SAHID NAGAR
BHUBANESHWAR-751 007

unitel
communications limited

HTA 5120 AR

Appointments

Binatone

Binatone, the Multinational NRI Consumer Electronics Company located 10 Kms from Delhi requires the following Executives for its growth and expansion programme.

The Company has in a short period achieved an excellent position in the CTV and B/W TV market. It has recently launched a Hi-Fi Music System and will shortly be launching a host of new products including Telecommunication equipment.

Two new factories are in the process of being commissioned to introduce a new product range.

We invite professionals who thrive on challenge, to join and contribute in the growth and development of the company. The following posts are available for immediate appointment. The Company is committed to planned career growth for all its executives, with a fast track being available for those showing outstanding performance.

Positions	**Location**	**Experience/Qualification**
Product Manager-TVs **Product Manager-Audio**	**Based at Delhi**	Professional Managers around 30 years of age with Management qualifications from any of the IIMs, XLRI, Bajaj, or FMS. Must have a good track record in product management of any reputed brand, preferably in similar product line with strong business orientation and administrative leadership ability. Job responsibilities include developing the market, packaging, product development, market research, feedback systems and analysis.

Salary & other perquisites compare with the best in the industry and will not be a constraint for the right person. Please apply in confidence within 15 days with complete details superscribing on the envelope the post applied for to :

Manager Administration,
Binatone Electronics Pvt. Ltd.
B-58, Site IV, Industrial Area,
SAHIBABAD, GHAZIABAD-201010 (UP)

Binatone

England Germany Japan Korea Taiwan Hongkong. Now in India.

Appointments

National Institute of Fashion Technology

A College of Design, Business and Technology

National Institute of Fashion Technology (NIFT) is an autonomous society set up by the Government of India to meet the education, research, service and training needs of the apparel industry.

The institute invites applications for

FACULTY IN THE FOLLOWING DISCIPLINES:

Garment Manufacturing Technology (GMT)

Industrial Pattern Making (IPM)

Apparel Marketing and Merchandising (AMM)

Salary and allowances :

Commensurate with experience and ability.

Special requirements :

These positions may require internship in the USA with the faculty of Fashion Institute of Technology, New York at the cost of the Institute (NIFT), before taking up teaching positions in NIFT, New Delhi.

Qualifications:

- A technical degree in the concerned discipline (GMT/IPM/AMM) from a reputed institute. A Master's degree in related areas will be preferred.
- Oral and writing communication skills in English.
- Strong desire and potential for teaching at the college level.

Experience:

(1) **Garment Manufacturing Technology**

Minimum 5 years experience on the factory production side of garment manufacturing. Candidates should possess a thorough knowledge of all manufacturing operations i.e. costing, production scheduling, establishing specifications and quality control standards, as well as the purchasing of raw materials for manufacture.

(2) **Industrial Pattern Making**

Pattern Making Technologist

Minimum 10 years experience as a Pattern Maker with thorough knowledge of creating original pattern from sketch and photograph. Ability to grade sizes essential; experience in draping garments, helpful. Thorough knowledge of all aspects of pattern making techniques for industrial production, important. Experience in working with export oriented apparel company, essential.

(3) **Apparel Marketing and Merchandising**

Minimum 5 years experience in international marketing of fashion products. Knowledge of overseas and domestic markets and ability to interpret buyer requirements. Experience in working with apparel production firms in establishing price, delivery and quality standards for garment lines. An understanding of international and national trading laws and regulations. Ability to analyse international and domestic fashion trends in design, textiles and colour

Appointments

PROFESSIONALS IN THE FOLLOWING AREAS:

1. **Resource Centre and Library**

Curator Textiles and Curator Costumes

Ideal candidates will possess 5 years experience in textile and apparel collection at a museum or industry service centre. Ability to develop and maintain collections, organise, communicate and disseminate design and technical information. Positions may involve extensive domestic travel. Bachelor level degree in the relevant fields preferred.

Head Librarian

Bachelor's degree in Library Science with a minimum of 7 years experience as a senior level librarian in a special library or at a major institution of higher education. Preference will be given to individuals who have held an independent charge. Experience with computers in library work an added advantage. Must be willing to work some weekends and evening hours.

Findings Coordinator

Knowledge of garment industry and familiarity with resources for garment accessories required. Ability to develop and maintain accessory collections, organize, communicate and disseminate information. Ideal candidates will possess atleast 3 years experience in the relevant areas of the apparel industry and also possess a Bachelor's degree.

Assistant Librarian

Bachelor's degree in Library Science with a minimum of 3 years experience in library management in reputed institution. Some knowledge of typing desired. Must be willing to work some weekends and evening hours.

2. **Admissions Office**

Assistant Registrar Admissions

The Assistant Registrar will be responsible for organising all activities that relate to the recruitment and counselling of students for all NIFT programmes. This will involve numerous administrative activities including the processing of application forms, developing channels of communication with feeder institutions like polytechnics etc., counselling and publicity. The desired candidates will possess a minimum of a recognised Bachelor's degree, as well as 3 years of experience in university or college admissions work.

APPLICATION PROCEDURE:

1. Please apply with complete bio-data, including details of educational and technical qualifications, professional experience, training and assignment abroad, if any, languages known, a brief note on specialization and fitness for the concerned position, salary and allowances currently being drawn, as well as emoluments expected. Full postal address for correspondence, telephone number and telegraphic address if available, are to be provided.
2. Three passport size photographs should be enclosed.
3. Also enclose evidence of technical qualifications and emoluments drawn.
4. Please indicate on the mailing envelope the position you are applying for i.e. Faculty : GMT/IPM/AMM; Position: Head Librarian/Assistant Registrar Admissions, etc.
5. The applications should be addressed to:

Registrar,
National Institute of Fashion Technology
Hotel Samrat, Chanakyapuri,
New Delhi-110 021.

6. Please apply within 15 days after the release of this advertisement.
7. Shortlisted candidates will be required to appear for an interview in New Delhi before final selection. First class railway fare both ways will be paid to outstation candidates invited for interviews.

LINTAS DELHI NIFT 7.22.35

A multi-product, rapidly expanding, professionally managed Industrial Group wishes to select the following senior professionals for its RS. 80 CRORES project for manufacture of HIGH-TECH PRODUCTS in affiliation with LEADING INTERNATIONAL COMPANIES. The company's products have wide applications in industries like ELECTRONICS, PACKAGING, ELECTRIC INSULATION, METALISING etc. and the commercial production is scheduled to commence from August, 1987. The company expects a turnover of about RS. 100 CRORES within the next 2 years.

CHIEF EXECUTIVE-MARKETING

DELHI **EXCELLENT TERMS**

The incumbent will report to the Managing Director and will head the Marketing, Sales, Export and Commerical functions related to Marketing. He will be required to build & lead the marketing organisation including Exports and would be responsible for product planning & launching, formulation of marketing strategies, establishing all India distribution network, pricing, sales promotion etc. Accent will be on providing a major thrust to market development including identification of new application areas. He will play a major role in achieving the volume and profit objectives of the company by continously improving the market share in highly competitive environment.

Candidates should be outstanding marketing professionals with ability to conceive & implement innovative strategies with qualities of leadership, decisiveness, high motivation and good communication skills. They should have good academic background, preferably with post-graduation in Marketing Management, in age group of 37-45 years with 15 years relevant experience out of which at least 5 years should be as head of marketing in an organisation of repute.

COMPENSATION WOULD NOT BE CONSTRAINT FOR THE RIGHT CANDIDATE.

MANAGER-PACKAGING DEVELOPMENT

DELHI **Rs. 4500/- + PERKS**

The incumbent will head the Packaging Development Department and be responsible for design, development and implementation of suitable packaging system for application areas and conducting related value/cost analysis in packaging development. This includes translation of ideas and identified needs of customers into design concepts, development of proto types, obtaining feedback from the clients and making necessary modifications and liaison with packaging material suppliers for mass consumer products.

Applicants should preferably have a technical background, in age group 32-37 years with 10-12 years relevant experience out of which at least 5 years should be at a senior level in Manufacturing, Marketing or Technical Service Department of a ruputed company related to packaging as a consumer or a producer.

COMMERCIAL MANAGER

DELHI **Rs. 4500/- + PERKS**

The incumbent will be responsible for all the Commercial functions related to marketing, which would include Sales Accounting, Payment Terms, Credit Control, Banking, Excise, Sales Tax, Transportation, Finished Goods Inventories, Managements of Depots & Godowns, and liaison with various Govt authorities.

Candidates should be Chartered Accountants, in age group 35-40 years with 10-12 years relevant experience in a reputed company. Knowledge of latest Excise, Sales Tax and Octroi laws is desirable.

Continued on next page.....

Appointments

EXPORT MANAGER

DELHI **Rs. 4500/- + PERKS**

He will be totally responsible for all export activities of the company including development of export markets, participation in International Fairs, negotiation with OEMS abroad and development of distribution network for critical export markets.

Candidates should be Post-Graduates from IIFT, preferably with Engineering background, in age group 32-37 years with around 10 years relevant experience in a reputed organisation.

REGIONAL MANAGER-WEST

BOMBAY **Rs. 4500/- + PERKS**

The incumbent will be responsible for the entire selling operations and market development in his region through a team of highly motivated sales personnel. He will also be responsible for meeting the targets and be accountable for the regional operations as profit centre.

Candidates should be MBAs preferably with Engineering background, in age group 32-37 years with around 10 years relevant experience in a reputed company.

Apply in strict confidence with detailed Bio-Data, marking the envelope & enclosures with job title and code CEM/32 to:

omam Consultants Private Limited
14-D BASANT LOK VASANT VIHAR NEW DELHI – 110057 TELE: 670821/604587

SRISHTI

CHIEF EXECUTIVE

(MS/4569)

Hyderabad
Age: 35-45 years

Salary:
Rs. 1.50 — Rs. 2.00 lakhs p.a.

A recently floated public limited company which has had a successful public issue, wishes to recruit a chief executive. The company has set up a unit to manufacture ferrous and non-ferrous metal items with foreign know-how at a cost of over Rs. 20 crores.

Although in a competitive industry the company hopes to gain a significant market share and a turnover of Rs. 25 crores within three years because of the superior quality of its product.

Reporting to the Managing Director the incumbent will be responsible for meeting the market share and profitability targets. He will be totally responsible for all the technical, commercial and administrative functions of the company.

We are looking for a person who is already functioning as a head or deputy head in his current organisation. A candidate with experience in a related industry would be preferred but this is not essential, demonstrated business acumen, however, is.

The emoluments will be negotiated between the figures indicated above and are in terms of total cost to the company.

Please apply in strict confidence giving details of age, qualifications, experience and salaries drawn within 10 days to:

A F Ferguson Associates
Hansalaya, Barakhamba Road
New Delhi 110 001

Applications and envelopes must be marked with the above reference number

Appointments

FINANCIAL CONTROLLER

Service Industry

Bombay **About Rs. 10,000 p.m. plus car**

Our client is one of the largest advertising agencies employing over 100 professional staff. Its growth has been faster than that of the advertising industry. To maintain financial soundness, it wishes to appoint a multifaceted accountant as its Financial Controller. He would report to the Executive Vice President.

The Financial Controller would take charge of a department staffed by qualified and experienced persons. He would have computer support. He must provide professional leadership in cash management, commercial discipline, tax planning, on-line computing and company secretaryship. Ideally, he would have the personal calibre to rise to the Executive Committee within a few years.

Candidates must be Chartered Accountants with about 10 years varied experience in a professional environment. Apart from a strong commercial sense, exposure to the service industry could be advantageous.

An attractive remuneration package indicated above would be offered. Accommodation could be considered in exceptional cases. Substantial increments, apart from career growth prospects, could reward success on the job.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Ref. MS/4653.'

CHIEF EXECUTIVE

Ours is a leading consumer product manufacturing unit in North-east India with about 2.5 crores annual turnover and is one of the largest private industries in Gauhati.

We are looking for Chief Executive preferably with financial background and proven record of holding independent charge of manufacturing unit for atleast three years. Ideal age around forty years. Remuneration around Rs. 60,000/- P.A. plus accommodation plus conveyance. Please contact in strict confidence within ten days with full resume and photograph to:

Box No. AA/244/LR/2, **Business India,** Wadia Building,
17/19 Dalal Street, Bombay 400 001.

Appointments

COMPANY SECRETARY (DESIGNATE)

New Delhi
Age: 40-45 years

Salary: Around Rs. 6,000 p.m.
+ house + car with driver

An old well established company which is a pioneer and a household name in real estate development and has various other manufacturing interests wishes to recruit a Company Secretary (Designate). The company has 18 subsidiaries and a turnover of around Rs. 30 crores.

The incumbent will initially be an under-study to the present Company Secretary and will take over from him shortly. He will look after all the legal and secretarial matters of the company.

This is a very senior position as the Company Secretary will be involved in most major policy decisions taken by the Board of Directors.

The range of responsibilities will cover maintenance of statutory books and records, filing of various forms, compliance of MRTP, FERA and other laws.

Applicants must be Members of the Institute of Company Secretaries of India and should preferably have a degree in law and 8 years of post qualification experience.

In addition to the salary indicated above the company will provide unfurnished housing, company car with driver and the other benefits that are normally applicable to senior level management positions

Please apply in strict confidence giving details of age, qualifications, experience and salaries drawn, and salary expected within 10 days to:

A F Ferguson Associates
Hansalaya Barakhamba Road New,Delhi 110 001

Applications and envelopes must be marked 'Ref. **MS/4576**

MPVY LTD

Madhya Pradesh Vidyut Yantra Limited, Jabalpur, a joint sector undertaking, is a leading manufacturer of Distribution Transformers. The Company has planned to double its present turnover to Rs. 40 million in the next two years. The Company invites persons of high standing with enviable track record to occupy the position of **Finance Manager-cum-Secretary**.

The incumbent will be responsible for preparation of Annual Budget, Fund flow, Internal control, Process of acquiring Cash Credit, Loans, other Banking facilities, Audit and Management information system. He should also have a good knowledge of Company Law. He will have to ensure timely filing of various Tax returns, closely Liaise with Financial Institutions as well as deal with the Company Law Board.

Qualification: — Associated member of Institute of Chartered Accountants of India and a member of the Institute of Company Secretary.

Experience: — 7 years experience in financial functions and a minimum of 2 years experience as Company Secretary.

Age: — Around 45 years.

Salary: — We offer a good remuneration plus Provident Fund, Medical Allowance, Accommodation, Conveyance and Leave Travel Allowance.

Please apply in confidence within 10 days giving details of Age, Qualification, Experience and Present Salary drawn along with your latest photograph to:

The Managing Director
Madhya Pradesh Vidyut Yantra Limited
Post Box No. 94
353, Napier Town
JABALPUR (M.P).

Appointments

A reputed medium size organisation in a food product industry with an excellent growth record wishes to recruit:

GENERAL MANAGER (WORKS)

A major industrial location in Gujarat

Attractive remuneration

The incumbent will assume the overall responsibility for the production function which will include processing, maintenance, quality control, utilities, materials function, personnel management, industrial relations, general administration and co-ordination with external agencies including government.

He should be in a position to identify process improvements. He should have a good commercial orientation and be in a position to use a formal budgeting and information system. Ability to function autonomously and to provide leadership are essential requirements for this job.

This is a senior management position and the incumbent will report to the Chief Executive.

Applicants should be engineers/food technologists from food processing/dairy industry with excellent track record and experience of at least 7-10 years at a senior level in a similar position. Preferred age: over 40 years.

The company is looking for outstanding talent and is willing to pay for it. Thus remuneration will not be a constraint. Growth plans of the company are good and offer excellent opportunities.

Please apply in strict confidence within 7 days to: **A. F. Ferguson Associates, Post Box 1786, Bombay 400 001,** giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes must be marked "Ref: MS/4622".

CHIEF TECHNICAL MANAGER

(Pharmaceuticals)

Eastern India

Rs 60,000 p.a. + perks

A leading professionally managed engineering organisation with foreign participation proposes to diversify into dietary products and pharmaceutical specialities in collaboration with a renowned international organisation specialising in similar products with a world-wide reputation, and wishes to recruit a top class professional for the above position.

This is a challenging assignment with tremendous opportunity for growth along with the implementation of a greenfield venture including inter-alia scope for extended training with overseas collaborators and exchange of technical know-how with them on a continuing basis.

The incumbent will have to lead a professional team for implementing the project and developing a wide-based, on-going R&D section to further expand activities.

Requirements:

- Age 35-40 years preferable. For exceptionally experienced or suitably qualified candidates the upper age limit will not be a bar.
- Postgraduate in organic or pharmaceutical chemistry specialising in medicinal products. A PhD with practical experience in an appropriate industry would be ideal. Additionally, knowledge of chemical engineering or technology, either through experience or education, will be considered an advantage.
- A minimum of 10 years' experience is envisaged with proven ability to organise a team of professionals from inter-related disciplines. Growth-oriented experience in a similar industry or national laboratory is considered essential.
- Gross emoluments will be around Rs 60,000 per annum at the beginning of the scale along with benefits and facilities attached to similar positions.

Please apply giving details of age, qualifications, experience and salary drawn within 10 days, superscribing MCS code to:

Lovelock & Lewes
MCS (710)

'Everest' 15th Floor
46/C Chowringhee
Calcutta-700 071

Appointments

Bharat Strips Ltd.

We are one of the largest integrated plants for the production of Cold Rolled Copper and Copper based alloy strips and foils. We are looking for dynamic and result-oriented professionals for the positions of:

MARKETING MANAGER: (1) HYDERABAD/BOMBAY

APPROX. GROSS RS. 1 LAC. P.A.

The incumbent should have 7-10 years of experience in a marketing organisation of repute, out of which at least 3 years experience should be as head of the Marketing Department. He should be below 35 years of age, and preferably be a post graduate in marketing management. He should lead a professional and highly motivated team of young professionals.

REGIONAL SALES MANAGER: (2) DELHI & BOMBAY

APPROX. GROSS RS. 50 000 — 60 000 P.A.

Applicants aged around 30 years should preferably be M.B.A's with at least 3-5 years experience in a reputed company. They would be responsible for formulating and implementing the company's sales strategies, policies and plans and would provide the leadership required to help the sales teams achieve their targets.

Salary will not be a limiting factor in case of deserving candidates.

Apply immediately to —

Bharat Strips Limited,
24, Paigah Colony,
Sardar Patel Road,
Secunderabad-500 003.

MILTON

requires

PRODUCTION MANAGER

Rs. 5000 P.M.+perks.

The incumbent should preferably be a graduate in Mechanical Engineering with around 5 years experience at Senior Managerial Level in Light Engineering Industry engaged in mass production. The job entails supervision of all technical activities including leading and coordinating the working of various technical departments headed by experienced personnel. The candidate should be a good Manager and team leader to achieve higher productivity. Age around 30-40 years. Benefits include conveyance allowance, leave travel assistance, medical re-imbursement, superannuation and provident fund etc.

Apply within ten days to:

The Factory Manager
MILTON CYCLE INDUSTRIES LIMITED,
Sonepat-131 001 (Haryana)

Appointments

In pursuit of excellence:

CEAT stays at the leading edge of competition through excellence of people, policies and products. It provides a stimulating work environment for motivated professionals to achieve planned corporate objectives. To meet its Corporate Growth it requires:

HRD-MANAGER

He will be responsible for all training and development activities, selection and recruitment of managerial personnel, performance appraisals, career/succession planning. His role will be that of a catalyst in strengthening and permeating the "CEAT CULTURE" throughout the organisation.

The person we are looking for should have specialised qualifications in Personnel Management from an Institute of repute and with a minimum of 10 years' proven experience in the relevant areas in a progressive Company. The incumbent should possess effective Human Relations Skills and be able to interact with result oriented people at all levels of the Organisation.

The post carries an attractive salary and perquisites, but without housing.

CEAT

Please apply in strict confidence superscribing the envelope "HRD-MANAGER" within ten days to:

Vice President — Personnel
CEAT Tyres of India Ltd.,
463 Dr. Annie Besant Road,
Worli, Bombay 400 025.

BATRA HOSPITAL AND MEDICAL RESEARCH CENTRE

1, Tughlakabad Institutional Area, Mehrauli Badarpur Road, New Delhi-110062.

REQUIRES

BIO-MEDICAL ENGINEER: Must be qualified and an expert with proven experience in repair and maintenance of major sophisticated Medical Electronic equipment such as Whole-body C.T. Scanner, Gamma Camera, X-Ray, Ultra Sound Equipment, Auto-Analyser and other Medical equipment. Handsome salary and other perks will be offered to suitable candidate.

Interested candidates may send typewritten application for this post on plain paper giving (1) Name and address in full, (2) Date of birth, (3) Qualifications, (4) Details of experience, (5) Present employment and pay, (6) Minimúm pay acceptable and (7) Joining time required.

Applications should reach the Personnel Officer of the Centre within 15 days.

Appointments

OSWAL AGRO FURANE LTD.

VICE PRESIDENT — FINANCE

LUDHIANA RS. 12,000/- RS. 15,000/- + ATTRACTIVE PERKS

OSWAL AGRO FURANE LTD, a new venture promoted by Oswal Agro Mills Ltd. needs a Vice President—Finance to be based at Ludhiana. The project is being implemented with an outlay of Rs 51 crores employing the world's latest technology to manufacture high value added products from rice husk, an agricultural waste. The project is 100% export oriented unit and shall process around 3000 TPD Paddy, manufacture 3000 TPA of Furfural and 6500 TPA of edible grade rice bran oil, making it the world's largest rice processing plant which will be commissioned this year.

The incumbent will be the member of the Top Management team and would be responsible for developing, establishing and controlling the operating norms & systems of the corporate finance and secretarial functions. Should be a qualified Chartered Accountant preferably with additional qualifications of Company Secretary and atleast 15 years relevant experience. A proven track record of achievements in managing the finance and secretarial functions of a successful industrial organisation is considered essential. Preferred age group : 38-45

This is an excellent opportunity to join a professional group offering a challenging and growth oriented environment. IN ADDITION TO ATTRACTIVE SALARY THE JOB CARRIES LIBERAL PERQUISITES INCLUDING FREE FURNISHED ACCOMMODATION & COMPANY CAR WITH DRIVER. Please apply in strict confidence within 7 days marking envelope & enclosures with the job title & code : 8743

PERSONNEL SELECTION DIVISION
MANTEC CONSULTANTS PVT. LTD.
(Management & Technical Services)
805 Vishal Bhawan, 95 Nehru Place
NEW DELHI -110 019. Tel : 6415864.

ENTREPRENEURIAL OPPORTUNITY FOR

CONSULTANTS/SENIOR BUSINESS EXECUTIVES

Arjay Management (P) Ltd invites Senior Management Consultants and Business Executives to work in a confederation of management consultants and advisers - the only one of its kind in India.

If you are a Senior Management Consultant, but feel handicapped by lack of affiliations and infrastructure facilities, Arjay Management will share with you the excellent facilities it has developed over a decade - active associations and arrangements with leading consultants in the U.S.A., Western Europe and Japan.

- Registration with World Bank, ADB/IDBI for Project Reports
- In-house computer support along with extensive software
- RBI Blanket Permit for legitimate business, travel and market research abroad
- Well appointed office with modern telecom/telex facilities
- Overseas assignments

If you are a Senior Business Executive who has been nursing a dream of being independent, but has been discouraged by the initial start-up hurdles, Arjay offers you an established base and organisation to work with, and to be independent, subject to quality control of common output.

The arrangement envisages complete professional autonomy to individuals, under a participative and administrative umbrella. Only one senior consultant would participate in each discipline to avoid conflict of interest among member colleagues.

If any of these strikes a responsive chord within you, drop a line to :

The Managing Director
Arjay Management
Private Limited
Arjay Apex Centre', III Floor
24 College Road Madras 600 006
Phone 479755 Grams CENARJAY
Telex 041-7645 MEN IN

Chhaya/RJ/874

Appointments

A WELL REPUTED FIRM ENGAGED IN EXPORT-IMPORT BUSINESS REQUIRES:

1. **GENERAL MANAGER: (Rs.1,00,000/- p.a.)**
   Candidate should be a post-graduate preferably an MBA having a thorough knowledge of Import and Export Trade, Banking Liaison, Financial Management and should be capable to deal with all the Licensing Authorities. He should be a dynamic result oriented person and should be able to exhibit superior communications and infra personal skill. Must have experience of 5 to 8 years at senior levels. Preferred age group 35 to 45 years.

2. **CHARTERED ACCOUNTANT: (Rs.50,000/- p.a.)**
   The candidate should have 3 to 5 years experience with ability to handle independently Accounts, Finance, Budgetry Control and Cost Control functions, and knowledge of Taxation and Computerised Accounting Systems will be an added qualification. M.I.S. expertise and knowledge of Company Law will be preferred. Knowledge of Gujarati essential. Preferred age group 30 to 40 years.

3. **COMPANY SECRETARY: (Rs.50,000/- p.a.)**
   Candidate must be a qualified Company Secretary preferably with degree in Law and having minimum 3 to 5 years experience at senior levels. Should have thorough knowledge of Company Law, MRTP, FERA, IR&D Act, R.O.C. formalities and procedures, drafting of Minutes and Resolutions etc. Preferred age group 30 to 40 years.

Salary will not be a constraint for the right candidates.

Apply with complete bio-data (giving more stress on experience) copies of certificates and testimonials etc. to Box No AA/244/BM/4, **Business India**, Wadia Bldg, 17/19 Dalal St, Bombay 400 001

Are you planning to move up in the Computer industry?

We are a dynamic company in the field of computer peripherals with its Head Office in Bangalore.

The plant has been set up in Srinagar to initially manufacture hard disk drives in collaboration with a leading American manufacturer and is expected to commence production in February, 1988. We are slated to achieve a turnover of Rs.6 crores in the very first year of production with a minimum annual growth rate of 25%.

To fuel this growth we require the following personnel to man various key position:

1. **General Manager — Operations**
   The appointee will be incharge of day to day operations at the plant. He must have a BE degree with 20 years experience, the last 5 years of which must be in a similar capacity. Retired military officers of either major or of higher level with experience in electronics will also be considered.

2. **Marketing Manager**
   A BE or M. Tech. in Electronics with 7 years experience in marketing electronic products. The incumbent will take charge of all marketing operations.

3. **Senior Electronics Engineer**
   BE Electronics degree with 5-7 years experience in computers and peripherals. He will be responsible for production, quality control and research & development. Selected candidates will be sent abroad for on the job training.

4. **Sales Engineers**
   Graduates in electronic engineering with 2-3 years experience in marketing of electronic products, computers and peripherals.

The Company believes in rewarding ability adequately. Salary and remuneration will be commensurate with qualifications and experience. Post 1 & 3 will be based at Srinagar.

Write within 10 davs in strict confidence, to:

Box No AA/244/ML/5,
Business India,
Wadia Building, 17/19 Dalal Street,
Bombay 400 001.

Appointments

Degremont
INDIA LTD.
WATER AND WASTE WATER TREATMENT

OPERATIONS MANAGER

New Delhi **Attractive salary**
Age: 35-40 years **and benefits**

Degrémont India Limited, an Indo-French joint venture, wishes to recruit an Operations Manager for its office at New Delhi. The company is a member of the Dégremont Group, France, who are world leaders in the field of water and waste water treatment and have subsidiary and associate companies in more than 80 countries. The compnay has already commenced the execution of a number of projects.

This is a key position. The person that we are looking for would head the Operations Division and would report to the Managing Director. He would be responsible for all technical and commercial matters relating to the execution and commissioning of projects. The position would also entail occasional foreign travel.

Candidates should be graduate civil/chemical engineers and have around 10 years experience in the management of major turnkey contracts in the private sector. Those with overseas experience would be at an advantage.

The remuneration package would not be a constraint for the right candidate.

Please apply in strict confidence giving details of age, qualifications, experience and salaries drawn, within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

Applications and envelopes must be marked with 'Ref: **MS/4571**'.

Design Workshop/af-328m

Marketing Manager
(ALL INDIA)
Electro-Medical Equipment
Based at Bombay or Madras

Larsen & Toubro Limited is entering the field of electro-medical equipment–ECG machines, patient monitoring systems, ultrasound equipment, X-ray equipment and systems, cobalt teletherapy machines and simulators. They will be manufactured at L&T's Mysore Works in collaboration with leading foreign manufacturers.

We intend setting up a marketing infrastructure for these product lines, and are looking for a person to head the all-India marketing function.

Selected candidate will be an outstanding marketing professional who will provide leadership for the Company's entry into the electro-medical equipment market. He will be required to develop an all-India marketing, sales and service organisation, with necessary supporting facilities for products manufactured by the Company as well as those manufactured abroad by collaborators.

Qualifications : Bachelor's Degree in Engineering, an advantage.

Experience: approximately 15 years in marketing, of which 7-8 years should be in the field of electro-medical equipment. The last 3-4 years should be in a senior managerial position.

Age: around 40 years.

Emoluments: commensurate with qualifications and experience. This is a senior appointment in the Company's Covenanted cadre. Perquisites include car under the Company's car scheme and other benefits which go with a senior managerial position. There are very good prospects for career advancement.

Apply within 15 days, with a resume of your experience and highlighting significant achievements in the electro-medical equipment field, indicating present and expected emoluments and quoting Ref. No. CPD/23 ON APPLICATION AND ENVELOPE to Joint General Manager (Personnel):

LARSEN & TOUBRO LIMITED
Powai Works, Post Box 8901, Bombay 400 072

Appointments

Cadila

Requires
Institutional Sales Manager
Ahmedabad

'The 4th largest pharmaceutical Concern' this is how ORG speaks about our strength in the prescription market. On the institutional front, however, we are in the early growth stage.
To accelerate our growth in institutional sales WE need an Institutional Sales Manager who shall be responsible for expansion of our activities in this field & will be required to travel extensively all over the country. The candidate should be a Science/Pharmacy graduate, below 35, with 2-3 years of experience in a similar position in a reputed pharmaceutical company and should have a proven success record. Needless to mention, the candidate shall have good command over English and a dynamic outlook.

In addition to attractive salary, we offer VDA, HRA, LTA, Medical benefit, P.F., Gratuity & Superannuation etc.

Please apply within 10 days with a passport size photograph and details of your achievements to

The Chief Executive (Personnel)
Cadila Laboratories Pvt. Ltd.
244, Ghodasar, P.O.Box No.9004
Maninagar
AHMEDABAD-380 008.

Cadila cares

MALAYALA MANORAMA,
publishers of the largest circulated daily in the country besides a number of leading magazines, require a

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Based at COCHIN, the incumbent will be responsible for the marketing and sales of all publications of the Company outside Kerala. He is expected to evolve and implement strategies to achieve ambitious circulation targets and growth of the publications. He has to motivate and lead the field sales organisation outside Kerala.

Candidates would have had at least ten years experience in mass consumer product companies and would have worked in different regions in the country. Postgraduate qualification in business administration or marketing would be preferable.
Age: mid-thirties.

This is a senior position and offers attractive salary, perquisites and retirement benefits appropriate at this level. Applications which will be treated in strict confidence may be sent within the next 10 days:

Divisional Manager
Personnel & Administration
Malayala Manorama
P.B. No. 26, K.K. Road
Kottayam-686 001

Appointments

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The position involves handling all aspects of sales of electronic PABXs in the Eastern Region. Effective co-ordination with customers, branch sales personnel and factory in all aspects of negotiations, supply installation, collection and maintenance will be required.

Applicants should be Electronics/ Electrical Engineers with 8-10 years' sales experience, of which at least 2-3 years should have been in a supervisory position in an engineering or corporate organisation of repute. He should have handled Capital/Office Equipment sales.

The position calls for a result-oriented person with the ability to lead and communicate effectively.

Preferred age: 30-35 years.

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PHOENIX

MANAGEMENT VACANCIES

A brand new **SHOE FACTORY** at NOIDA is being organised on Modern European standards by a British General Manager. The personnel appointed to the following positions can be assured of joining a forward looking company with dramatic growth opportunities in further new factories. Only persons with the necessary experience and future potential should apply in writing giving full details of experience and name, address and telephone number of three work related referees to the General Manager and marked "Confidential". Salaries will be above average for similar positions.

PERSONNEL OFFICER
Experience in Industrial recruitment is essential. Plus thorough knowledge of the Factory Act, Provident Fund, ESI, etc.

PRODUCTION MANAGER
To take complete control of Production. Previous experience in a similar footwear factory or upper unit required. Consideration may be given to a Senior Factory Manager.

ESTATE MANAGER
There are four industrial units which need careful and constant management. Previous experience absolutely essential.

PURCHASE OFFICER
Experience in Shoe Trade preferable but considerable experience in this field essential.

The General Manager
PHOENIX OVERSEAS PRIVATE LIMITED
R-554, SHANKAR ROAD, NEW DELHI-110060 (INDIA)
TEL: 5720025, 5725610
TELEX: 3161622 PXHQ IN

Appointments

INDROL

INDROL

Requires

Senior Executive

in Marketing Division reporting to Vice President Marketing.

Qualifications:
Chemical or Mechanical Engineer, preferably with Business Management qualifications.

Age: Around 30 years.

Experience:
Minimum 5 years experience in selling/marketing industrial lubricants, metal working oils, rust preventives, etc., to industry. Thorough knowledge of machine shop is essential.

No application will be considered unless the above conditions are met with.

This is a challenging job which entails providing necessary field support in all areas of marketing, viz: market survey, new product development, technical service, promotion etc.

The successful candidate will be based at Bombay. The job entails extensive travelling throughout the country. THE CANDIDATE SHOULD HAVE HIS OWN ACCOMMODATION IN BOMBAY.

Emoluments:
Excellent salary with superannuation benefits. Persons drawing less than Rs. 50,000 per annum as pay package need not apply.

Please write within 15 days to:

Vice President Personnel
& Administration
Indrol Lubricants & Specialities Limited,
"White House", 91, Walkeshwar Road,
Bombay-400 006.

NORVICSON

MALAYALA MANORAMA,

publishers of the largest circulated daily in the country besides a number of leading magazines, require an

ASSISTANT PRODUCTION MANAGER

based at KOTTAYAM. The incumbent will be responsible to achieve quality printing on modern High Speed Web Offset presses. He should be a graduate, preferably in Engineering or with Diploma in Printing Technology.

The candidate should have at least 10 years' experience in a large modern printing unit at a senior supervisory level.

He should possess experience in cameras, scanners and plate making techniques and must be fully conversant with quality control aids such as control strips, densitometers, blanket packing gauges etc. The selected candidate will have to manage daily operations of pre-press and printing areas equipped with several Web offset presses heat set and cold set, and to manage a work force of around 400 employees. The person we are looking for is in the age group of 35-40 years with knowledge of Malayalam.

This is a management position and offers growth prospects for the right candidate. The salary will be in the region of Rs. 36,000/- per annum plus carries other perquisites applicable at this level.

Applications may be sent within next 10 days to:-

DIVISIONAL MANAGER
PERSONNEL & ADMINISTRATION

MALAYALA MANORAMA

P.B. No. 26, K.K. ROAD
KOTTAYAM-686 001

Appointments

SESA GOA

An associate of the IRI-Finsider Group of Italy

Needs

For its Shipbuilding Division at Goa

I. MANAGER – SHIPBUILDING DIVISION

The candidate who will head the division must be a young dynamic person of around 35 years of age and must be a qualified Naval Architect or Marine Engineer with at least 10 years experience in the design and construction of small and medium sized crafts.

This is a senior position. The job calls for all round general management expertise in this business area and responsibility for the results of the profit centre.

II. NAVAL ARCHITECTS

The candidates should be qualified Naval Architects with a minimum of 2 years experience with clear concepts of design optimisation consistent with the highest standards of quality and sustained performance for the long term. They should be upto date in estimation of production costs and in the area of production planning.

The Company has been mainly engaged in the business of mining and export of iron ore. As part of its diversification effort it has started a Shipyard for the construction of small and medium sized vessels and aims to maintain high standards of quality and reliability with guidance from associate Companies who are among the world leaders in this technology.

The above posts are in the appropriate management grades and provide significant scope of career development based on performance. The remuneration package will be comparable to the best in the industry.

Application giving full details of age, qualifications, experience, remuneration drawn and expected etc. must reach within 10 days of this advertisement:

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SESA GOA LIMITED
ALTINHO, PANJIM – GOA (403 001)

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SECRETARY FOR GENERAL MANAGER
Previous experience as Senior Secretary essential, as is a good knowledge of spoken and written English and Hindi.

ADMINISTRATIVE OFFICER/ACCOUNTANT
A broad experience of INDUSTRIAL administration is required with full knowledge of manufacturing accounts and the law. This is a senior appointment.

CHIEF ENGINEER
Will be responsible for complete maintenance of premises, plants and machinery. He will also be responsible for security. Expertise in Electrical industrial installation would be advantageous

PRODUCTION PLANNER
Shoe Factory experience preferable, knowledge of production planning, control and ticketing essential.

The General Manager
PHOENIX OVERSEAS PRIVATE LIMITED
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Back to the basics

***Suresh Krishna** has recently taken over as president of the Confederation of Engineering Industry (CEI) for 1987-88. He is the chairman and managing director of Sundaram Fasteners of the Madras-based TVS group. Among other things, he has served as president of the Automobile Component Manufacturers Association during 1984-86.*

Krishna feels very strongly about the fragmentation of capacities which has created a host of problems for Indian industry. He spoke to Sushila Ravindranath of Business India about the need to promote internal liberalisation and competition.

You have said that the CEI is going to focus on promoting internal competition. How do you think that Indian industry will become truly competitive?

During the fifties and sixties, Indian industry had to start from scratch. There was a foreign exchange shortage. Capacities were tailored by five year plans. There was little competition and some companies cornered greater capacities. This led to complacency and technological obsolescence. As a result, Indian industry has earned the reputation of not giving value for money, of taking the customer for a ride. The government has now introduced the process of liberalisation, which the CEI welcomes. But it is not adequate. To make Indian industry competitive, the term 'monopoly' in the MRTP Act should be redefined. There should be a fresh look at interconnections. As you emerge a winner, you will grow in size. And size should stop being an inhibiting factor. You have to relate size to the international scene. If you want to export cars, you are really taking on Japan's Toyota. We have to become more up-to-date and not be shackled by old ideas.

Won't this result in a lot of industries becoming sick?

Procedures for the amalgamation of sick units with healthy units and, for that matter, the merger of healthy units, should be simplified. However, if sickness is the result of lack of managerial skills, or inability to compete with better technology, then we should follow the exit principle. The sick units must exit. In India we feel we should support the weak and put down the strong. If we contiue to do this, we will end up being permanently mediocre.

What happens to the displaced labour of the sick companies which exit?

If size is not going to be a problem, there is a possibility that quite a bit of the work force will get absorbed. But if there is a need to trim down labour — and we should be allowed to slim down — then there should be suitable compensations. We should work towards a retrenchment compensation package funded by both industry and government. It could be something like the social security system of the US.

In the kind of scenario you visualise, where do small scale industries fit in?

The small scale industries have a very definite role to play in the competitive environment. Small scale units have certain strengths because of their smallness and limited overheads. If they are supported by engineering inputs, they will make large industries competitive. That is really the role of small scale industry. After all, as competition increases, the big houses cannot make everything in-house. Those small scale units which are run with no managerial ability have no business to stay in business. But there are other well run units which get into a precarious financial position because the big industries don't pay them in time. The CEI is trying to set up a code of conduct so that the small units receive payments promptly. We are going to appeal to our members to abide by this code.

You have talked about promoting unfettered internal competition. But what about external competition? How does the CEI propose to help increase exports?

The government must follow a policy of selectivity. Creating healthy internal competition is the first step. Then one can take on international competition. But we cannot postpone exporting till we reach the international competitive level. Which is why in the interim period the theory of selectivity comes to play. Hone your skills, then go in and win. The entire engineering industry cannot engage in exports. Only some people have the know-how to export. We have selected some target industries like automobile components, hand tools, forgings and castings and bicycle parts. The government should back these industries to the hilt. By removing the problems of the selected few, you can bring about a much quicker growth.

In spite of wanting a free play of market forces, the CEI is not in favour of importing capital goods. Why?

Our contention is that whenever capital goods are not made in the country, there should be imports to aid modernisation, etc. But so much money has been sunk in this industry. It has to be supported like the steel industry, or the automobile industry which are today controlled to safeguard the indigenous producer. When I say there must be a free for all, it has to be only within the country. We have a high cost economy in India. Steel, aluminium, plastics, power and gas are much more expensive in India compared with the international pricing. While within India, competition will be on an equal footing because the input costs will be the same, uncontrolled competition with international manufacturers will put us at a great disadvantage because of their cheaper input costs. Under the circumstances, it will be foolish to lay ourselves open to urbridled international competition.

What are your priorities as CEI president?

Improving quality and productivity through human resources development (HRD) are going to be major priorities. When competition becomes acute and the environment of protection disappears, people will have to fall back on these fundamentals of industry. The atmosphere now is conducive to promoting quality, because at least in some industries, there is no situation of shortage, but there is fierce competition. You can buy equipment technology and systems. But you cannot buy motivated people. By paying lip service to HRD, there will be neither productivity nor consistent quality. People just do not understand qualitative problems. The accent has to be on motivating people.

We want to create an awareness, by exposing chief executives and decision making authorities to the concepts. We want to make our members understand that in the long run, an accent on quality, productivity and HRD will make companies more and more competitive.

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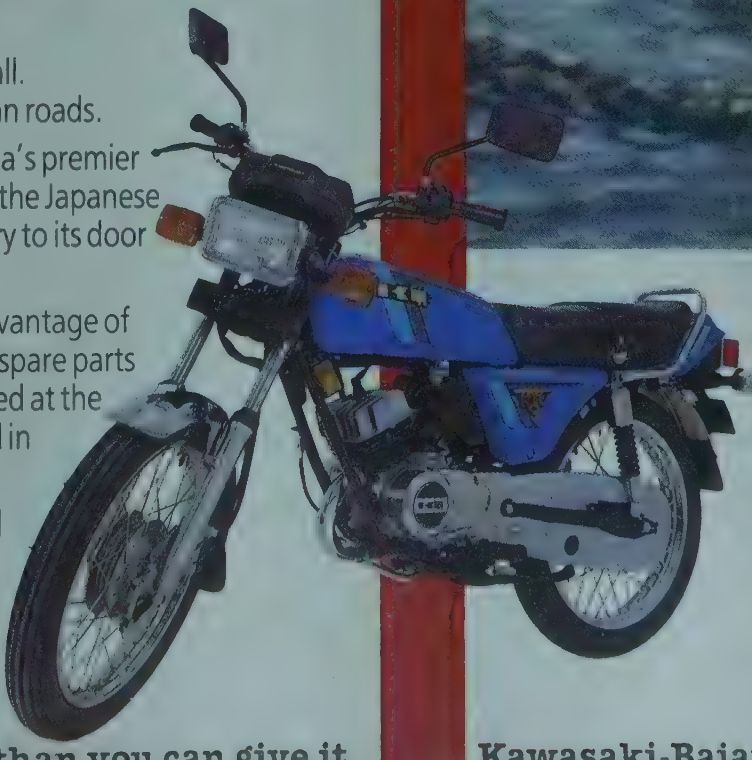

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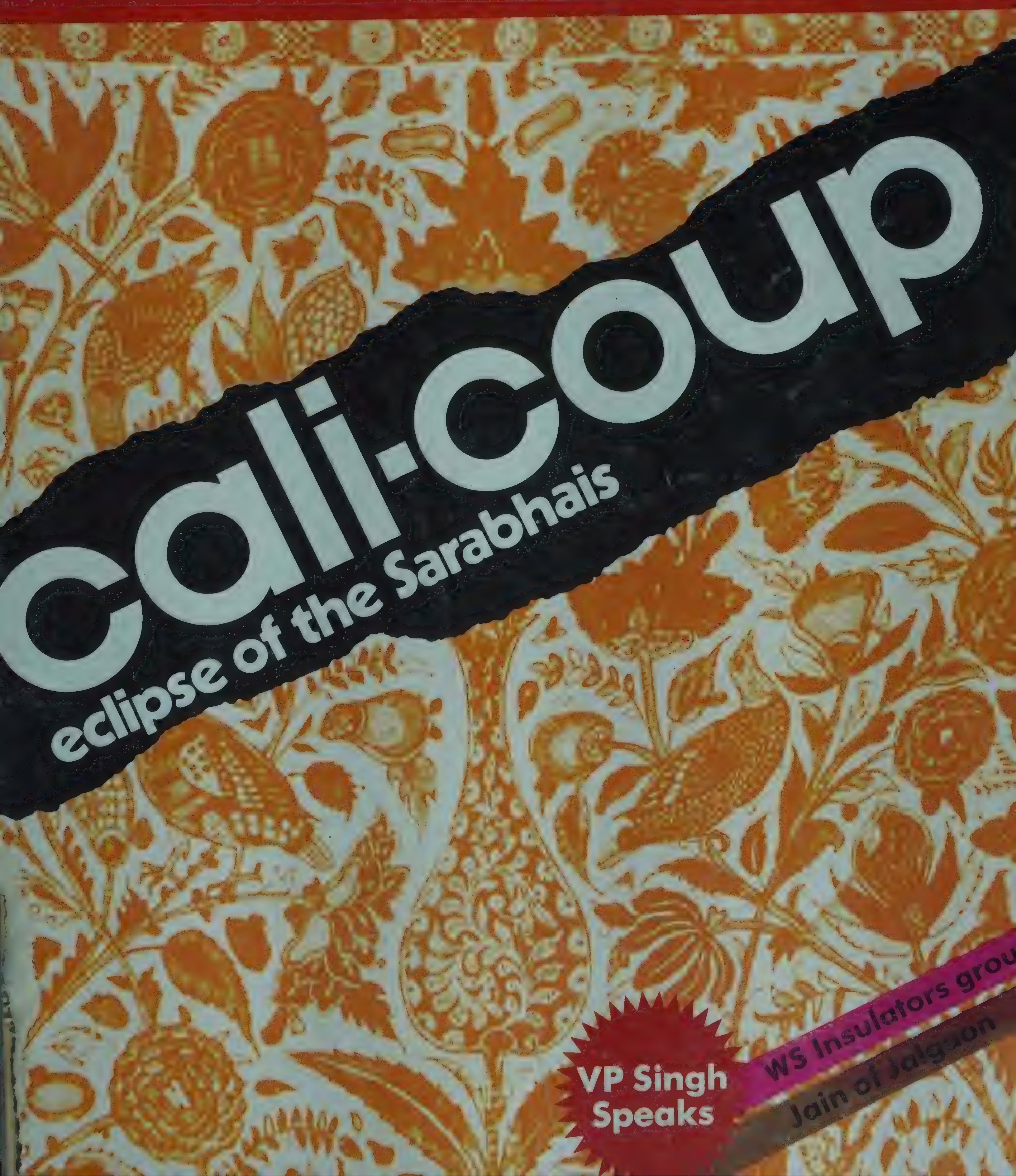

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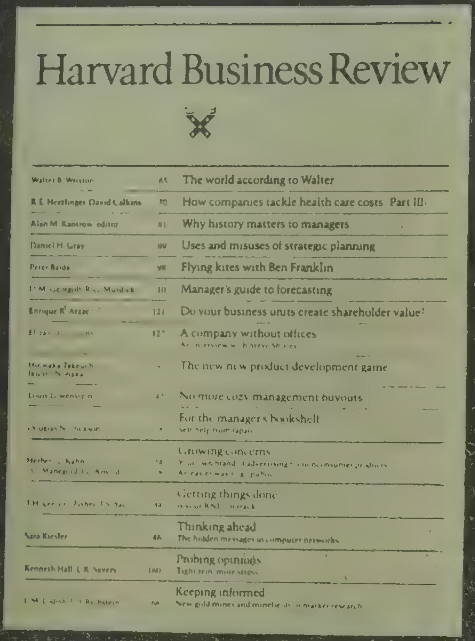

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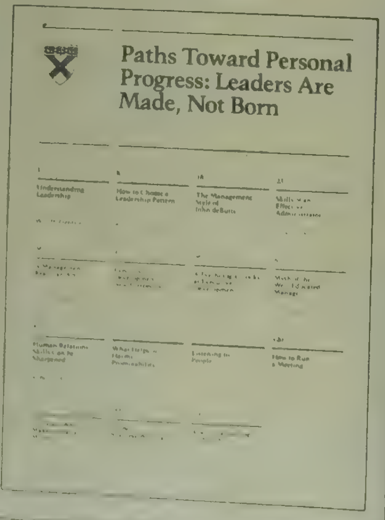

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F.T.R.I., MYSORE

letter from the publisher

The Sarabhais have been synonymous with Ahmedabad for the best part of the century. The family has dominated business, social and cultural life in Ahmedabad, and have been compared with the merchant princes of medieval Europe.

It must have come as a shock to many when it was announced that the government and financial institutions were taking over the management of their flagship Calico. Relatively few Indian businesses have survived beyond the third generation. But in this case, in the lifetime of the second generation, the flagship has run aground. The quarrel within the family, particularly between some third generation and second generation members, could have hardly helped.

Calico will no doubt become a classic text-book case-study in our management schools. The family members are perfectly intelligent, highly educated and willing to work. But caught up in their own internal wranglings and personal preoccupations, the business has suffered badly. While it is true that Calico has had its fair share of bad luck, there is no doubt that the ultimate responsibility must rest with the family members.

The financial institutions have insisted on casting the management aside as part of a total recovery package. Everywhere else in the world, corporate life is governed by tough economic realities. Changes are forced whenever necessary to ensure the optimum utilisation of scarce capital assets and a fair deal to the workers.

Unfortunately in India over the years, we as a society have resisted any such corporate changes. In fact there are specific legal provisions that serve to entrench existing managements no matter what their performance. Corporate managements while paying lip service to competition and market forces are totally averse to those very forces making any changes in management. In pursuit of "stability", government has been almost paranoid about change. Not surprisingly we have many corporate dinosaurs.

The government has passed new legislation for reconstructing sick corporations. In addition significant amendments to the Companies Act are proposed in the coming monsoon session of Parliament. Hopefully the government will give up its policy of providing a protective cocoon to industries that are rotten from within. Certainly survival of the fittest is a tough rule to follow. There is every reason to make safety provisions for the weakest and poorest who cannot fend for themselves. But otherwise protecting sick and inefficient industries means a terrible social cost in the long run.

There is no other way to build a healthy and strong society that is competitive internationally.

Ashok H. Advani

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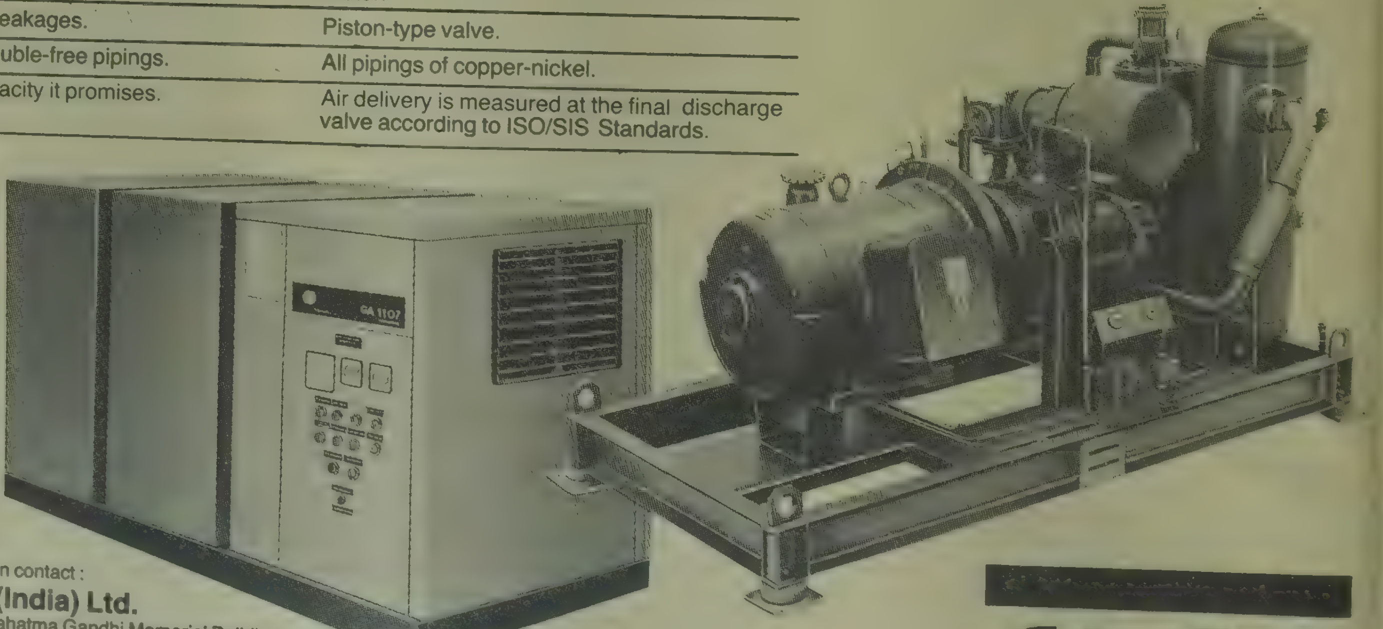

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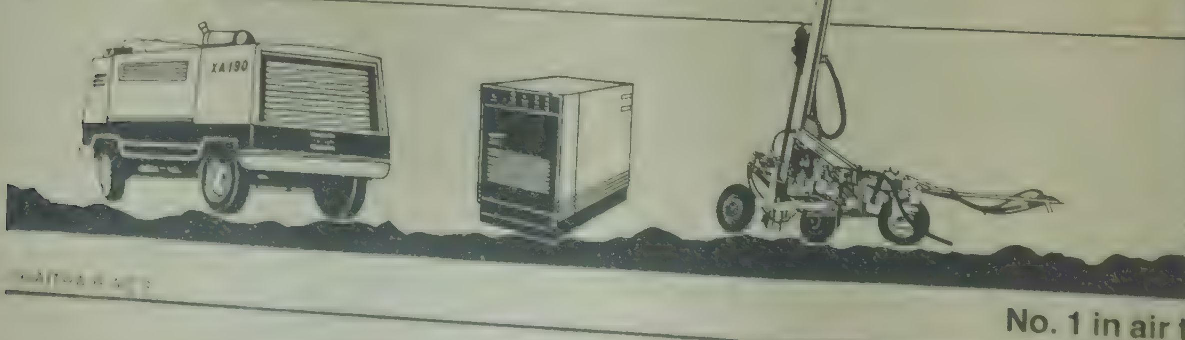

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BOMBAY

letters to the editor

Researching the research bodies

The Abid Hussain committee needs to be commended for its unbiased exposure of the working of CSIR laboratories and the NRDC ('A blueprint for India's R&D programme', 4 May). The criticism of the committee's report by the directors of certain laboratories and scientists is totally baseless and motivated. The output of the CSIR laboratories in the past 45 years is too meagre to draw any different conclusions.

Most of the processes and technologies developed by the laboratories are blatant and often poor copies of the work done by scientists abroad. Occasionally, a few scientists come up with something new but the credit for their achievements has to be shared with their bosses, if they want to avoid harassment and get some funds allocated for their ongoing work.

The government should do away with NRDC whose only function is that of a post office and another channel in the complex chain of government departments. An entrepreneur dealing with the NRDC gets so throughly disgusted that most of his enthusiasm gets dampened at the start. Not only is the NRDC ill-informed but its attitude towards entrepreneurs is also indifferent. It keeps chasing the big corporations without realising that most of the products which they have will only suit the small entrepreneur.

If the NRDC wants to survive, it must put its house in order. First, it should critically examine the process developed by CSIR labs and assess its economic feasibility before selecting it for marketing. Secondly, it should constantly interact with its licensees so that it receives constant feedback and a healthy relationship is developed between the two. Thirdly, it should have more experienced engineering graduates on its payroll. Lastly, it should concentrate on small entrepreneurs, whose successes will improve its image and give it a higher percentage of success.

Anil Agrawal
Jaipur

Safer banks

Looting banks at gunpoint is no longer news, despite the fact that many banks have armed guards and burglary alarms for protection. My own observation is that banks have not structured their offices in such a way as to reduce the risk of sudden attack. For instance, except that the cashier sits in a "cage", everybody else sits in the open, and is prone to unexpected attack. Anybody can enter the bank and threaten people inside with a pistol from the door itself; the bank staff does not get a chance to react to the situation and overpower the intruders.

We can draw lessons from the way some banks in Europe and also some embassies have planned their interiors. One pattern is that the staff work area is separated from the customers' lobby by a ground glass partition from chest level. Bank counters can be opened and closed from inside. Entrance to the work area is locked from inside so that even if somebody makes a sudden attack, the bank staff has time to react. Also, the attacker never knows the level of preparedness within the partition for counter-attack.

K. Ramachandran
Ahmedabad

Eating into banks

The rather far-reaching policy measures of the government in reducing deposit rates and lending rates on the one hand and hiking CRR and SLR limits takes away nearly half the aggregate deposits from the banks' discretionary allocations.

Short-term lending rates being slashed by one percentage point in the face of increased CRR and SLR will be a big blow to the banking sector. True, the deposit rates that the banks have to pay are also being reduced but then the differential between public deposits with companies vis-a-vis banks being quite large, banks will not be able to attract more deposits.

A reduction in the interest on NRS/FCNR deposits will not be a welcome measure as this will affect the inflow of such funds to the banking sector, thus depriving them of medium term stable funds, particularly scarce foreign exchange resources. Faced as the country is with a widening balance of payments gap, this move to reduce the return is anything but a wise one.

N. Ramesh Kumar
Bombay

A tin god

Most English language publications in the country, including perhaps yours, have been carrying a spate of articles, editorials and reader comments in praise of V. P. Singh. What is most ironic is that he is praised for performance, honesty and morality, three qualities in which, in my opinion, he would rank among the lowest among all public figures in India today.

His performance from his time as chief minister of UP has been always below par. His tenure as Union finance minister is remarkable for lack of achievement, even for a person with a history of failure. Today he talks piously about Bofors and other deals, and throws big numbers around. Well in his stint as finance minister, he announced an abortion called a long term fiscal policy which called for a manageable deficit. Instead he overshot his own projections by about a couple of thousand crores. He boasted of capital market sanctions of the order of five thousand crores, even as he allowed companies with no track record to seek funds in the capital markets. Most people who got allotments of securities in the V.P. Singh-induced boom of 1985 have lost a good portion of their money. Contrast these happenings of several thousand crores with the fifty crores of alleged pay-offs in the Bofors case.

The economic set-up we have leads to widespread smuggling because of our absurd tariff and import policies. How much did Singh do to change these? For you cannot create vast incentives for dishonesty, and then complain that people are smuggling. Did Singh ever understand that? The answer is obviously in the negative.

People like Singh have no conception of economics — which is really about how people behave — nor a willingness to learn. Rajiv Gandhi's biggest crime is in allowing this man to do as he liked with the economy for two years. Without marketing, without sales, there can be no production, no creation of value. This is something that Singh will not understand. A sales commission of under 2 per cent is not an unreasonable sum at all, and that activity is governed not by the government of India but by competition. Ask the average trader in India about the percentage of commission he gets on sales, then it will become clear. Are not Singh and his friends telling a lie and twisting facts in labelling this a payoff? But Singh has probably never even had to manage a panwala shop for one day, to sell even one tube of toothpaste, to earn a living. How will he know? Any number of instances can be cited to show both his incompetence and his intellectual dishonesty.

As for his morality, he shows a complete lack of ethical sense. A communication between a lawyer and his client is a privileged communication. How did this man get hold of what the lawyer for Tatas said to them, if not by stealing? A man or a company asks a lawyer any number of things, because people like Singh have created such a welter of confusing laws that the odds are that anything you want to do may be illegal; you have perforce to check it out with counsel. To twist this around and argue that Tatas or anyone else is guilty of this or that is unethical. If you countenance Singh's tactics today, tomorrow you will be the victim.

letters to the editor

In his own eyes, Singh is probably an honest man, perhaps even a good man, for he sees honesty in narrow monetary terms. The best that can be said about him is that he is miscast in politics. I am not really bothered about what he is or what happens to him; what worries me is our attitude of unthinking hero worship of people with feet of clay. If we keep doing this, we will only destroy ourselves.

R. Siddharth
Bangalore

Financing small industry

At least 10 committee reports on various aspects of financing small scale industry are collecting dust, without any genuine action being taken. Banks and financial institutions are slowly losing interest in the small scale sector as it seems to add to their worries rather than to their earnings. The "social angle" is losing credibility.

In this context, ICICI chairman N. Vaghul's observation that financing agencies should adopt an innovative approach is most appropriate. The institutions should show a greater appreciation of the client's problems, provide quick solutions and be courteous and sympathetic to them.

P.S.V. Chari
Madras

The pot and the kettle

K. Sarkar, as general manager, industrial relations, Britannia Industries Ltd, is paid to harp on issues like union "militancy, blackmail and its mafia style of operations" (Letters to the editor, 15 June).

However, I would like to ask him whether managements do not adopt similar tactics to suppress union activities. Managements have the funds, the best legal advice and blacklegs among workers to defeat any strike, whether legal or not.

It is high time that management personnel, handling such sensitive areas as industrial relations, exercise restraint when they write to *Business India* and other journals.

M. Sreedharan
Bombay

'Appropriate technology'

It was a pleasure going through your write-up on R. P. Nadkarni (Professional Profile, 15 June). It was all the more relevant as Nadkarni has trained workers at Milton Plastics very successfully through his very original techniques.

With the increasing awareness of HRD, we in India have also started training our workers accordingly. But conventional HRD techniques are best suited to the western environment and worker. What an average Indian worker needs is a technique which is closer home and the training has to be imparted in a mode he is familiar with. Nadkarni's technique is tailormade for the worker as it is just an extension of the cultural milieu within which he is born and bred.

Nadkarni's training has in fact been so effective that workers at Milton Plastics have themselves become quality control officers and do not let anything that is less than perfect pass through their hands.

Y. I. Vaghani
Bombay

Another surrender

In your 'Listening Post' (29 June) it is reported that C. K. Birla of Hindustan Motors is bidding for the overseas holding in Ashok Leyland.

This will be yet another surrender by the Indian automobile industry to Japanese competition. Hindustan Motors, after winding up Bedford, have invested Rs 200 crores in their plant for the manufacture of commercial vehicles in collaboration with Isuzu of Japan. They have not been able to sell these vehicles in spite of their best efforts for over two years, basically because of their high price and the fate of Bedford trucks.

By taking over Ashok Leyland, Hindustan Motors will be getting an established dealer network for Isuzu vehicles. They will gradually phase out Ashok Leyland vehicles, marking the surrender of yet another Indian auto manufacturer to Japan.

J. Tharakan
Ernakulam

The correct picture

With reference to your article 'Plastics in engineering' (18 May), **we would like to point** out that PVC pipes are brittle and cannot withstand the load of an elephant, as shown in the picture **accompanying the article. However, pipes made from high density polythylene are** resilient and can be used in places like a farm, where a tractor or bullock cart can run over the pipe without any harmful effect. Incidentally, the pipe on which the elephant is shown standing in the picture is in fact an HDPE pipe.

V. Dorairaj
Technical services manager
Polyolefins Industries Ltd
Bombay

For the record

We refer to the note on Upcom Cables Ltd 'Corporate Monitor' (29 June), and have draw your attention to a couple discrepancies.

Upcom Cables is a part of the RPG Ent prises group of companies and is not a Ra nath Goenka group company. The financ year ending is December 1987, and n November 1987.

D. C. Bhargava
President
Upcom Cables Ltd
Bombay

No capitalisation of interest

In your 'Corporate Monitor' (29 June), yo have erroneously stated that Hindusta Ferodo has shown a profit of Rs 2.51 lakhs fo 1986 after capitalisation of interest at Rs 7.8 lakhs.

Please note that in accordance with th company's consistent policy, interest has no been capitalised during 1986 or in earlie years. The amount of Rs 7.82 lakhs represent capitalisation of revenue expenditure incurre on capital projects during 1986, and com pares with Rs 11.32 lakhs similarly capitalise during 1985. This is in accordance with gener ally accepted accounting practices in Indi and is also the company's consistent policy.

N. P. Shenoy
Financial Controller
Hindustan Ferodo Ltd
Bombay

Questions about taxes

While I am in wholehearted agreement wit C. R. Kulkarni (Letters, 13 July) that th finances of the local governments should be strengthened, levying octroi is not the way to do it. It is a regressive form of taxation, resulting in loss of national time and production and enormous corruption.

Even sales tax is an outmoded form of taxation unsuitable to India. We have blindl copied tax systems from abroad without rele vance to Indian conditions. Unlike small European countries, distribution in India take place over wide areas. Excise at fewer man ufacturing points is a more logical form o taxation than sales tax.

Resources are indeed a problem for the public authorities, but their efficient utilisation is a greater problem. The taxpaying public is now asking questions in this area.

M. R. Pai
Bombay

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For Your Information

Negotiating nuances

Knowing how to behave with the Japanese goes far beyond the proper way to handle chopsticks, the best way to dip your *sashimi*, or whether *sake* is sipped or swallowed. No, the issue of business etiquette comes down to knowing the fundamental and pragmatic aspects of transacting business. At stake is how best to elicit a positive response from the Japanese and how to avoid not getting any response at all.

The astute negotiator will be aware of subtle, non-verbal cues in facial expressions and hand gestures that may seem innocuous, but are actually meaningful signs. A slight intake of breath before a Japanese says "yes" may mean "no". When the Japanese moves his open right hand, palm facing left, in front of his face with a back and forth action as if he were fanning a fire, he indicates a negative response to another Japanese. Another non-verbal indicator is laughter, which can mean "embarrassment, confusion, shock and even grief" to the Japanese, whereas Americans and Indians interpret laughter as mirth, derision, relief or scorn.

Arigato

Ignorant American

One reason that Americans find it so difficult to do business with the rest of the world is that they are so ignorant about it. A recent survey of California state college students found that although nearly all were aware of the intensity of Japanese competition, only half could locate Japan on a map. International comparisons of the number of Americans learning foreign languages rank the nation woefully low.

Teachers have for years complained of such ignorance. A committee headed by Clark Kerr, a former chancellor of the University of California, has made recommendations ranging from dressing children up in kimonos to a detailed programme for "global education".

P. T. Patange, Thane

At sea

By all accounts, Christopher Columbus had the makings of a politician. When he started on his voyage he did not know where he was going. When he reached America he thought he was in the Orient. To top it all, he did all this on someone else's money.

Nattu, Bombay

Hard climb

After promotion and increment time, disgruntled employees of a company put up a poster near the building lift, which read: "This is the only thing that goes up in this company". Next day, below it was drawn an arrow pointing to the staircase, with the message: "To your left is the harder way to reach the top, try it."

Ramesh Nair, Belgaum

Enough water to go round

Every third person deprived of clean drinking water in this world is an Indian, says a report by the Energy and Environment Group on studies conducted by NEERI, Nagpur. Almost 70 per cent of our available water is polluted, the studies say. It takes a heavy toll of about 15 million children every year in India. WHO reports say that in India 80 per cent of illness could be prevented if safe potable water is made available to the entire population.

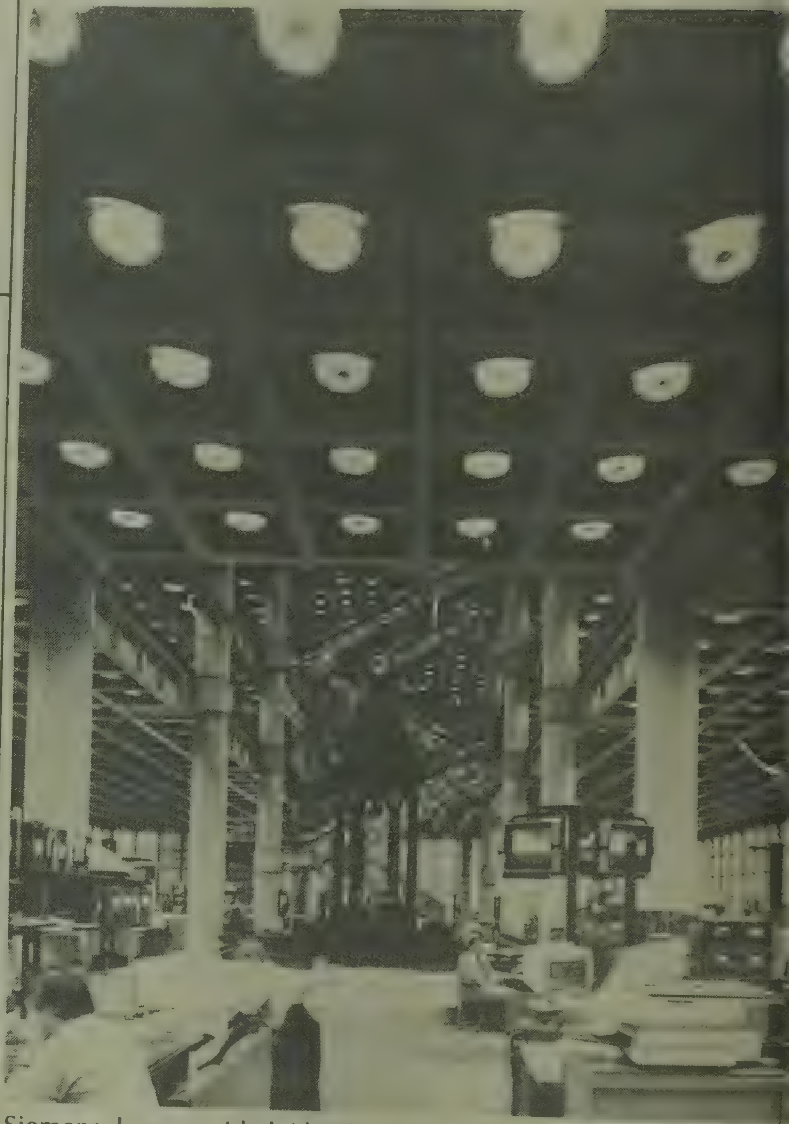
It is estimated that India's requirement of safe drinking water will be 18.4 cu km by 1990-91 and 24.1 cu km by 2000 AD.

Even a city like Delhi gets only 400 million gallons of water against the required quantity of 492 million gallons.

Keeping in view the UN's Water and Sanitation Decade (1980-1990), the Union Ministry of Rural Development aims at providing at least one source of safe drinking water supply to each of India's 575,000 villages. It aspires to provide such a source within walking distance of half a kilometre and hopes to supply 70 litres of water per capita every day, the report said.

CEE-NFS

Lloyds lights



Siemens has provided Lloyds of London with some very specific lighting requirements for its new building. The fire protection equipment and the lighting system are combined — ie sprinklers had to be fitted into the luminaires. The lighting also possesses the necessary glare-free and non-reflecting characteristics necessary for all CRT workstations and VDUs. As many as 8,500 of these luminairs of 40 W each have b
installed at Lloyds. Each ligh
accommodated in its own, bla
box-like compartment in the c
ing. The canopy is 60 cm
diameter with a 6 cm opening
the centre for the sprinkler.

In the background in the pho
graph can be seen the famo
bronze bell that is a rung whe
mishap befalls a Lloyds insu
ship.

Up in smoke

According to the latest figures published by the World Health Organisation, the steepest rise in smoking over the last decade has taken place in the developing countries. Although more cigarettes per capita are being smoked in the industrialised than in the developing countries, in the latter the rate of growth of the cigarettes smoked has outstripped even the growth in the adult population.

Nirmal Kumar Pugalia, New Delhi

Lime crime

The ubiquitous lime juice seller
a familiar sight on the paveme
of Bombay. And so is his bamb
basket, used for leftover li
peels. What is less known is
organised method employed
some enterprising pickle ma
ufacturers to collect the d
carded peels. They pay abo
Rs 10 for a basketful.

Sanjay Vaze, Bombay

Petrol's come a long way

[illegible] the early 1900s most car owners in England were buying their petrol from ironmongers, chandlers, grocers, cycle shops and blacksmiths.

In fact, motor spirit, or petrol, was first manufactured on a commercial scale in England where the London firm of Carless, Capel and Leonard began to sell a specially refined petroleum suitable for motor boats, in 1981.

Called 'launch spirit' at first, the name, however, did not stick. In January 1893, a regular customer suggested calling it 'petrol' — a word never heard before. So 'Standard Petrol' became its earliest brand name.

Then, in 1905, two Americans, Harry Grenner and Clem Laes[illegible]g, owners of the Automobile Gasoline Company, opened the first petrol-filling station at St. Louis, Missouri, USA.

The retail outlet was just a backyard where the motorist received his petrol through a garden hose attached to a gravity tank, instead of having to pour it through a funnel from a heavy 10-litre can himself.

The honour for inventing the dispensing unit itself goes to Sylvanus Bowser of Indiana, USA. His firm of S. F. Bowser began making the first self-measuring pumps to dispense petrol.

In 1907 Standard Oil of California opened a petrol pump in Seattle with a projecting canopy and in 1910 Central Oil inaugurated the covered drive-in station at Detroit. This had a single pump on a central island.

By 1912 Memphis, Tennessee, had a 13-pump filling station equipped not only with a ladies' rest room but also an attendant to serve ice water to hot and dusty motorists.

The kerbside filling station came into existence in 1915. Sylvanus Bowser went on to build a worldwide business and soon became a multimillionaire.

P. T. Patange, Thane

Fish tales

Large scale dredging and sand mining accompanied by silting have degraded the coral reefs around Minicoy Island in Lakshadweep to a dangerous extent, say scientists of the Cochin-based Central Marine Fisheries Research Institute who have just completed a detailed study of the area.

The coral reefs which garland so many of the Lakshadweep Islands nurture many species of small fish which are used by the islands as "live bait" to catch larger commercial fish like tuna. Tuna species like the Skipjack and the Yellow Fin form 85 per cent of the total fish landings in the islands.. The pole and line fishing methods employed by the islands require a plentiful supply of live bait. With the coral reefs themselves under stress, how long will they continue to harbour the nearly 15 species of small fish used as bait is a question worrying ecologists.

The CMFRI's survey also highlighted the fact that there was an untapped resource in the islands in ornamental fish, much prized by the world's aquaria. The team found such fish in abundance — about 5 for every square metre. Some of the interesting findings of the study:

- Octopus is fished in almost all the islands — the tentacles have a ready market. Each island hauls in about 1-2 tonnes of octopus annually.
- The islanders are not exploiting the larger fish that lie a little further afield: they could with better boats equipped with navigation aids and storage facilities, bring in larger deep water tuna and sharks.
- There is acute shortage of firewood on the islands — which is essential for the smoking of tuna meat. The islands could do with better methods of processing tuna — thus saving the beaches from pollution. Today many of the beaches are littered with the discarded head and entrails of tuna.

CEE-NFS

All literate

The Soviet Union has cent per cent literacy. Also, women are to be seen in all walks of life. Of working women, over 60 per cent are production workers. About 60 per cent of engineers are women, as many as 80 per cent of medical practitioners are women.

[illegible] N. Rajan, Kalwa

BusinessIndia

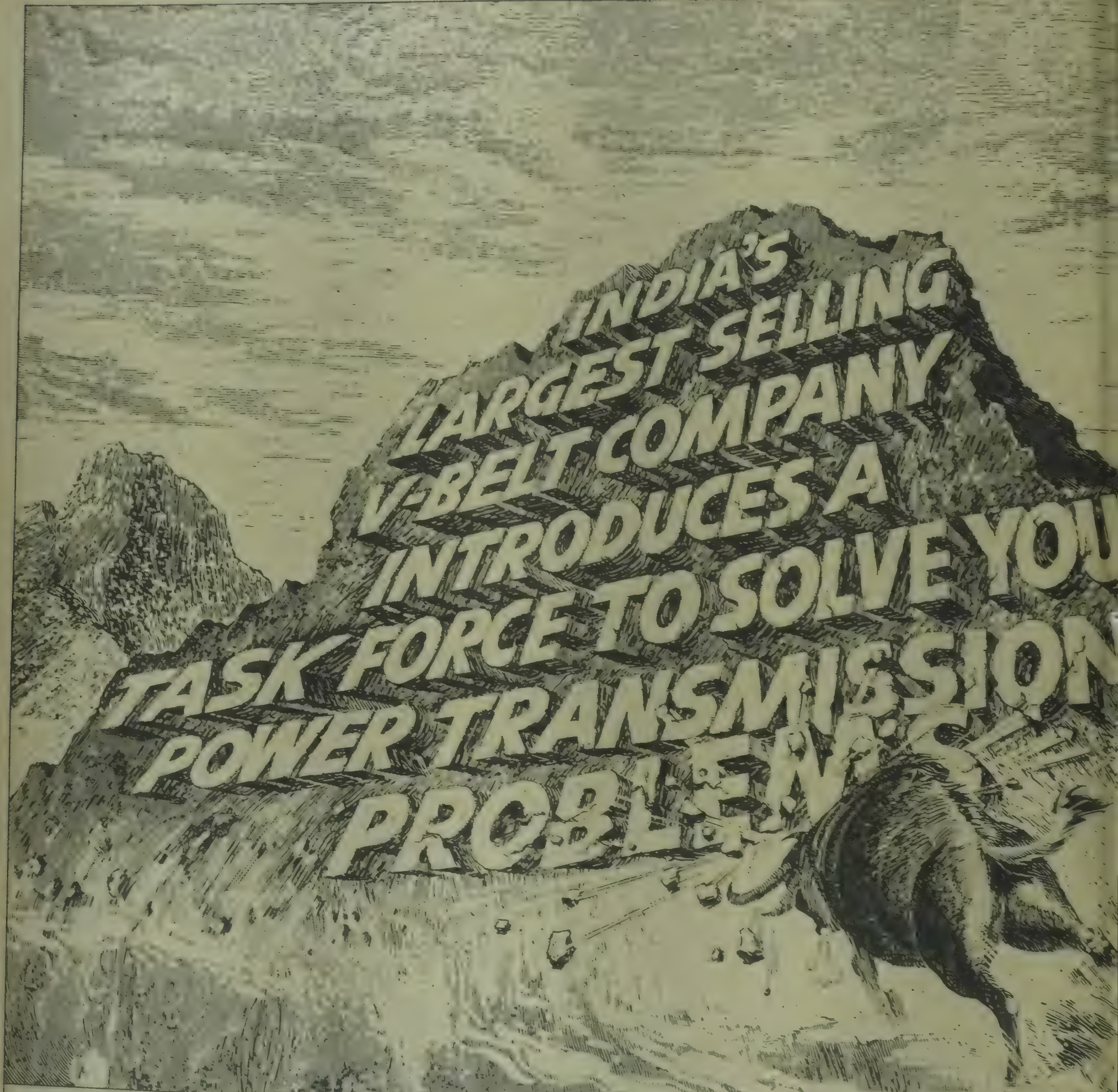
Business India invites readers to send original contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contribution.

What a roadful!

- During 1986-87, 261,525 new vehicles were registered in the state of Maharashtra. This means that on an average 760 new vehicles were registered everyday. Thus the total number of vehicles registered in Maharashtra comes to 18,41,386.
- 28 per cent of all the vehicles in Maharashtra, are in Bombay alone.
- 2,01,904 vehicles, that is 77 per cent of the newly registered vehicles, were two-wheelers, and 24,983 were motor cars.
- 64 per cent of all the cars in Maharashtra are in Bombay.
- During 1986-87, Regional Transport Offices in Maharashtra collected vehicle tax of Rs 209 crores, an increase of Rs 24 crores over the previous year. This means on an average Rs 57 lakhs were collected every day.
- During this period 1.13 million learning licences were issued. This means on an average 4,710 learning licences were issued every day. Also 344,000 motor driving licences were issued during the above period.
- The ratio of vehicles to population in the state is 2,033 to 1,00,000 while it is 1,442 to 1,00,000 for the rest of the country.

P. T. Patange, Thane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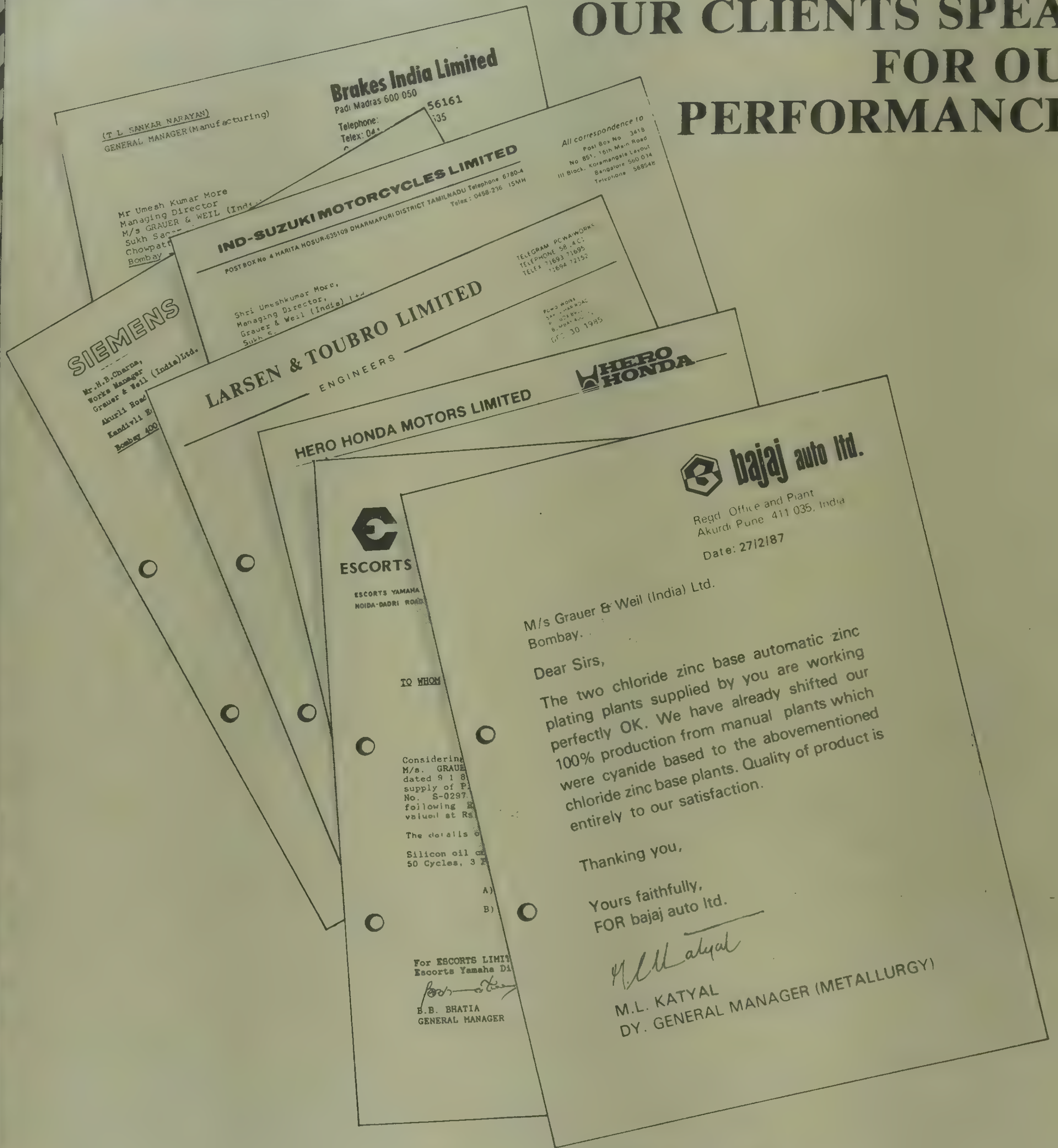

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EXPRESS 602

Listening Post

The quiet hunter

it Kerkar of the Taj group of hotels is nother person who has been going about uietly adding trophy after trophy to his belt.

When he started his tenure as managing di- ector, the Taj was virtually a single hotel ompany. Year in and year out, he has been quietly adding one hotel here and one hotel here, plus a few restaurants here and there, and has built up a formidable chain. Readers are familiar with the Taj advertisements show- ng postage stamp size pictures of all the Taj hotels spread across the pages of almost every magazine.

Some years ago the Taj had taken over the management of Spencers' hotels including the landmark Connemara in Madras and the West End in Bangalore.

Reportedly moves are now afoot to buy over the Connemara hotel to put it permanently in the Taj camp.

One more to Kerkar!

The real reason

Mehta: facing a liquidity crisis

With rumours that the Mehras of Orkay Silk Mills have been facing a liquidity crisis for several months now, questions are now being asked for the real reasons behind their take over of Commerce Publications. Some years back, Commerce was considered to be a successful economics magazine. Since then the magazine has hardly made waves. When the Mehras took over the magazine, along with it they acquired very valuable real estate in the very building where the Orkay offices are located, in the prime district of Backbay in south Bombay. At one stage Ravi Ghai (of Nataraj hotel) who is chairman of Commerce and also a relation of the Mehras had at an informal conference talked about the value of the real estate.

Reportedly real estate brokers in Bombay are openly "offering" the Commerce offices to potential buyers.

The publishing fraternity who had welcomed Mehras' entry into the field are wondering what are Mehras' plans for the publication.

Deal revived

From time to time corporate observers have felt that Madura Coats the Bangalore based textile giant might dispose off its holdings in Fenner India, a brand leader in V-belts. It was often felt that there was little synergy between Fenner's business and the main line business of Madura Coats.

At one stage the JK group, with its interests in tyre cord, had made a serious move to acquire Madura's stake in Fenner. But, at that time no deal materialised.

Corporate observers believed that JKs have revived their interest and may well be able to push through a deal acceptable to all.

We want C-DoT

C-DoT, the brainchild of US returned Sam Pitroda has often been in the news. Pitroda has been extremely articulate and persuasive about the coming revolution in telematics. His work at C-DoT has drawn applause all around.

But is this attempt to create an entirely indigenous spearhead in this crucial field falling behind? Till not long ago it was generally felt that licencees of C-DoT's technology would come out with their products long before those companies that went in for foreign collaborations. But with several of the latter about to enter the market, even C-DoT's supporters are wondering when the C-DoT developed models will appear.

How much longer will they have to wait for the star to appear on the stage?

Too many changes?

The Gujarat Industrial Investment Corporation (GIIC) had built up an enviable record in attracting entrepreneurs to Gujarat state. For a long time H. K. Khan headed an action oriented team that produced results. Several other state industrial corporations tried to follow the GIIC model. But since Khan's going to the centre, entrepreneurs are complaining that there have been far too many changes at the top in GIIC. The state government which appoints the chief seems to have lost sight of the need to have stability and quick decisions. With a rapid change of chiefs, the decision making processes are reported to have slowed down considerably. And entrepreneurs complain that decisions are just not being taken.

A slow down in investment is hardly what the Gujarat government would want at this stage.

And now the registrar

Investor protection was never high on the government's priority list. But that is changing. Or so it seems.

Reportedly the registrar of companies of Maharashtra recently swung into action, filing criminal cases under the relevant sections of the Companies Act against every single member of the board of Apple Leasing and Industries Ltd (formerly Apple Leasing and Computers Ltd) alleging misstatements in the prospectus filed when the company made a public cum rights issue of convertible debentures.

The registrar is apparently concerned that tall claims were made in the prospectus unsupported by factual data. Moreover, the much advertised collaboration with the National Computing Centre, UK was also open to several questions. Reportedly officials of the Computer Society of India had earlier also expressed a similar concern.

While investors are learning to read the fine print and are also becoming more discriminating, few government agencies have played any supervisory role even in the most blatant cases.

Is this the shape of things to come?

Still on the prowl

The Chhabrias seem to pass up no potential opportunity. The latest company they seem to have focused attention on is the Bangalore based International Instruments makers of the "Yenkay" instruments familiar to millions of drivers of Indian cars.

The company had been promoted by N. Krishnan ("NK"), whose sons now control about a quarter of the equity. While obviously they would want the highest price for their shares, they are also seriously talking to the Mahindras who buy a very large number of instruments to fit on all their vehicles.

While prowling around in Bangalore, the Chhabrias have also been looking at Karnataka Ball Bearings of the A. P. Mehta Group which merchant bankers have been offering around for some time now.

Obviously Chhabrias' takeover appetite is still very large.

World Bank warns against growing trade imbalances

The World Bank has warned that competitiveness and efficient development of industrialisation in developing countries will be well nigh impossible, unless attempts are made by developed countries to remove the growing trade imbalances between themsleves and developing countries.

In its latest World Development Report, the bank has pointed out that protectionism, which declined between the end of World War II and the mid-seventies, has increased sharply. According to the report, 17 per cent of the imports of industrial countries were subject to barriers, whether tariff or non-tariff. However, the impact of protectionism was greater on the exports of developing countries than on those of more industrialised countries.

The report urges a new commitment to the principles of GATT and calls for reduction in barriers to trade in agriculture and for an end to discriminatory trade pacts, such as the multi-fibre agreement.

ASSOCHAM to modify constitution

A special general meeting of the Associated Chambers of Commerce and Industry (ASSOCHAM) will be convened in Delhi on 17 August 1987 to adopt a new constitution for the apex body. In a joint statement issued by M. K. Kumar, president of ASSOCHAM, and Nalin K. Vissanji, president of the Indian Merchants Chamber, announcing the special session, it was also said that after the adoption of the new constitution, ASSOCHAM would become a body which was widely representative of trade, industry and commercial interests.

The Indian Merchants Chamber, which is one of the largest chambers in the country, has decided to join ASSOCHAM as a promoter chamber after the modified constitution is adopted.

Approval powers delegated

According to a press release issued by the industry ministry, the government has decided to delegate powers for approvals, changes of name and changes of locations in letters of intent to deputy secretaries or directors in concerned administrative ministries. The powers have so far been exercised by joint secretaries in administrative ministries.

The move is the result of a desire of the government to give approvals expeditiously. In deciding applications for change of name or location, existing guidelines will continue to be followed.

Ramakrishnan panel term extended

The union commerce ministry has extended the term of the high-powered committee headed by M. Ramakrishnan by six months up to end September 1987. The committee was appointed last October with comprehensive terms of reference aimed at reviewing the present functioning of the rubber, coffee and tea boards.

The committee is also expected to review the adequacy or otherwise of the statutes which brought the boards into existence against the test of past experience. The committee will recommen suitable changes to be incorporated in the statutes to make the three commodity boards more effective.

BSE for odd lot specialists

The Bombay and Kanpur stock exchanges have decided to appoint odd lot specialists to improve the marketability of odd lots of shares and debentures and to offer better prices to investors. According to Mahendra Kampani, president o the Bombay Stock Exchange, the growth of the odd lot business is enormous in view of the forthcoming conversion of the G-series debentures of Reliance Industries. The conversion of the debentures will create 900,000 odd lot holders, comprising investors who have been allotted 10 and 20 debentures each. The BSE plans to allow a profit margin of between 5 to 10 per cent for odd lot deals, depending on the market value of the scrips.

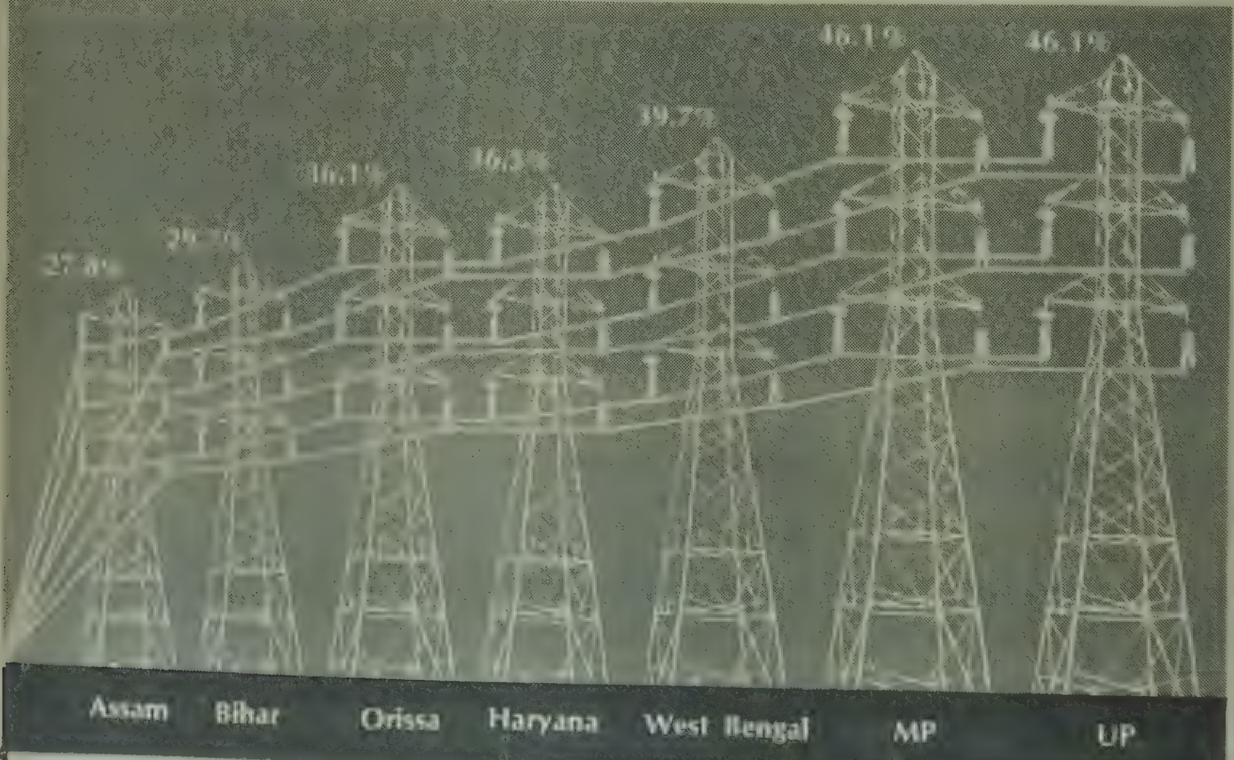
Secondary market for PSE bonds

A secondary market for public sector bonds came into existence on July 2, 1987, when the State Bank of India's main branch in Bombay sold bonds of two public sector corporations to the public. The two public sector undertakings are the Rural Electrification Corporation and Indian Petrochemical Corporation Ltd. SBI intends to take up the buying and selling bonds of other corporations too at a later stage.

World Bank reduces interest rates

The World Bank, one of the major source of loans to the Third World, has reduced its interest rate to 7.76 per cent from 7.92 per cent. The bank normally changes the interest rate it charges every six months. While its interest rates are based on what commercial banks charge, the World Bank

Plant load factor: poor performance in seven states



The plant load factor (PLF) of thermal plants has declined to 54.4 per cent during the first three months of the current year (April-June 1987), as against 55.1 per cent earlier. However, seven states have recorded PLFs which are lower than 50 per cent.

loans money for longer terms — along with a longer grace period.

Benefits under rural schemes boosted

It has been decided that the limit for loans for IRDP beneficiaries is to be raised from Rs 5,000 to Rs 10,000, without insisting on any collateral security or margins. In addition, loans to promote self employment among the educated unemployed, will have a higher limit — an increase to Rs 35,000 from the earlier Rs 25,000. The interest rate on such loans is being reduced from 12.5 per cent to 10 per cent in backward areas and from 13.5 per cent to 12.5 per cent in other areas.

The decisions were taken in a meeting between the prime minister and the chief executives of banks and financial institutions.

CAS limits liberalised

The Reserve Bank has decided to relax its requirement for prior authorisation under the credit authorisation scheme. Industrial units which are above the present exemption limit (of Rs 6 crores for non-exporters and Rs 7 crores for exporters) will not be required to seek prior authorisation if their financial record is good and their inventories and current ratios are within prescribed norms.

Banks have in addition been given the discretion to relax inventory and receivable norms in certain cases by 20 per cent without referring to RBI for prior approval.

More inputs for steel re-rollers

The union ministry for steel is formulating a scheme to make available an adequate quantity of raw materials to steel re-rolling mills. Speaking at the annual general body meeting of the Steel Rerolling Mills Association of India, Vasant Sathe, the union energy, steel and mines minister, said that the only way re-rolling units could be helped was to produce more steel in the country so that more re-rollables could be made.

Sathe criticised the obsolete technology being used in rerolling units and urged that the industry modernise and become more cost effective.

Software units exempted from licensing

The government has decided to exempt computer software units from the licensing provisions of the Industries (Development and Regulation) Act, 1951. However, delicensed industrial undertakings are required to register themselves with the Secretariat for Industrial Approvals. In-house or non-commercial development of software is not treated as an industrial activity.

Electronic media group established

The ministry of information and broadcasting has set up a 16 member group, headed by P. S. Deodhar, chairman of the Elctronics Commission, to identify the emergence of new technology of relevance and their application to the electronic media.

The group will advise the ministry on a 10-year perspective plan, particularly analysing the technological trends, with their relevance and application to AIR and Doordarshan.

Massive power cut on UP units

The Uttar Pradesh government has imposed a 100 per cent power cut on big industries in the state for 15 days to meet the unprecedented drought in the state. The big industries included are furnaces, cement and fertiliser units.

According to a statement made by the state energy minister, Sushil Shastri in the Vidhan Sabha, the power cut would save 8.2 million units of power which will be diverted to rural areas for agricultural and water supply purposes. The minister warned however that lack of rain in the near future could lead to acute power problems in the state.

SBI mutual fund from September

According to D. N. Ghosh, chairman, State Bank of India, the SBI Mutual Fund, the first mutual fund to be launched by any bank in the country, will begin operations from September. The fund will be managed by the bank's wholly owned subsidiary, SBI Capital Markets Ltd, which will act as the fund's trustee and manager.

Ghosh said that income from the fund is expected to be tax free and there will not be any deductions of income at source. This may require some amendments to tax laws to put the fund on the same lines with regard to tax as the Unit Trust of India.

The first scheme of the fund will be closed ended — for a fixed and specific period. The target amount sought will be Rs 100 crores and subscriptions will be for a period of seven years.

TELCO hikes vehicle prices

The Tata Engineering and Locomotive Co Ltd (TELCO) has raised the prices of its medium and heavy commercial vehicles by nearly 5.50 per cent, effective from 1 July 1987. It had already raised the prices of its light commercial vehicles a few weeks ago. According to the company, the price rise has been effected to offset partially the increase in manufacturing costs.

The prices of light commercial vehicles went up by about Rs 6,000 while that of medium and heavy vehicles by Rs 9,000.

Montedison plans to enter India

Montedison, the second largest industrial conglomerate in Italy, has begun looking for Indian partners for joint ventures in India in the petrochemicals, pharmaceuticals, energy and services industries.

At a press conference in Bombay recently, Lino Cardarelli, managing director of Montedison, said that his company, which has an annual turnover of about $10 billion, plans to increase its overseas production by about 30 per cent in the next five years.

IEC Pumps ties up with G. Dusterloh

IEC Pumps and Tools Pvt Ltd has entered into a collaboration agreement with G. Dusterloh of West Germany for the manufacture of pneumatically operated winches, motors and starters.

The new venture — IEC Dusterloh Pvt Ltd — will have a 20 per cent equity participation of the foreign collaborator. The factory is to be located at Kedgaon in Maharashtra's 'C' zone and will therefore be entitled to financial concessions.

With its latest tie-up, IEC Pumps and Tools Pvt Ltd, which has been producing sophisticated pneumatic tools in collaboration with the Japanese firm URYU, will be able to offer a complete range of pneumatic items.

Jessop bags orders worth Rs 26 crores

Jessop & Co Ltd, has bagged two orders totalling Rs 26 crores — the first for the manufacture and supply of longwall face mining equipment to the Singareni Collieries and the second for the supply of extensible back kraft paper machinery to the Nepanagar Paper Mills in Maharashtra.

For the longwall face mining equipment, Jessop has a collaboration with Gullick Dobson of UK. While most of the equipment will be manufactured in the country, the hydraulic support will have to be imported.

For the extensible back kraft paper machinery project, Jessop has drawn up a collaboration agreement with Bellyt-Wamsley, also of UK.

Meltron gets two contracts

Maharashtra Electronic Corporation (Meltron) has bagged two contracts totalling Rs 6 crores for the supply of integrated communication network for the Western Railway and the state irrigation

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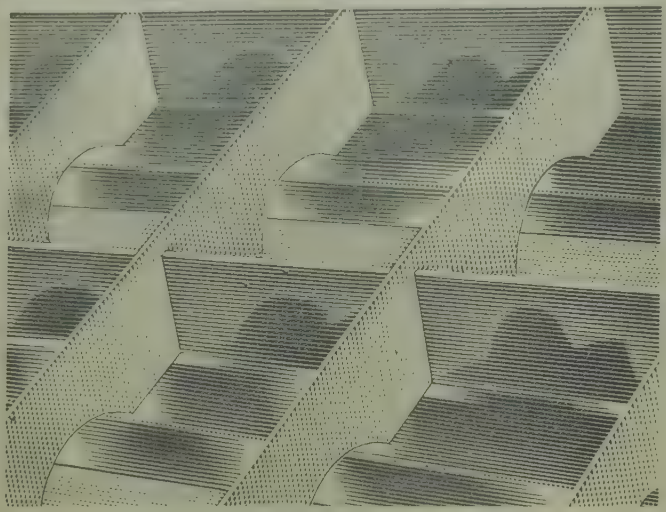

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MMA project to be set up in UP

PICUP, the leading industrial promotion agency, has entered into an agreement with A.T.V. Projects India Ltd, Bombay (formerly known as M/s Anand Tanks & Vessels Pvt Ltd) to promote a project to manufacture methyl methacrylate (MMA). The project is estimated to cost Rs 40 crores and is proposed to be located at Etah, a category 'C' backward district. It will provide direct employment to 350 persons and has scope for the implementation of a large number of downstream processing industries. The unit is expected to be commissioned in 1990 with the annual production of 6,000 tpa of MMA and 5,000 tpa of MMA rods.

Raw materials for the project, like iso-butylene, are to be made available from IOC's Mathura refinery. MMA, a transparent plastic material, has a variety of applications in both industrial and consumer goods.

TCIL bags Saudi contract

Telecommunications Consultants India Limited (TCIL), a government of India undertaking under the ministry of communications, has been awarded a SR 84.8 million (Rs 30 crores) contract for the execution of a turnkey project for Riyadh City in Saudi Arabia. The contract is to be executed in two years.

RITES wins major Iraqi contract

The Rail India Technical and Economic Services, a government of India undertaking, has bagged a Rs 1,800 million contract for the operation and maintenance of a new high speed railway line in Iraq.

The contract, the biggest to be won by any Indian company abroad and gained against tough international competition, was signed in Baghdad recently.

Savita to collaborate with Amoco

Savita Chemicals Pvt Ltd will enter into the production of high technology lubricating oil additives, in collaboration with Amoco Corporation, the US multinational. The project cost is estimated at Rs 15 crores and the licenced capacity will be 15,000 tpa.

The collaboration agreement includes the technical knowhow for the manufacture of such additive components as Mannich dispersants, high and medium TBL (total base number) phenates, high TBN calcium sulfonates and mangenism sulfonates. Savita's plant will be the second additive plant in the country, the first being that of Lubrizol India Ltd, which is a government of India joint venture.

IFCI sanctions up by 43 per cent

The Industrial Finance Corporation of India (IFCI) recorded remarkable growth in its operations during 1986-87 with sanctions having recorded a 43.2 per cent growth. Sanctions for 365 projects amounted to Rs 579.45 crores in 1985-1986 while in 1986-87, sanctions increased to Rs 829.69 crores for 528 projects.

In keeping with sanctions, disbursements also grew by 21.7 per cent. In foreign currency loans, sanctions increased from Rs 153.23 crores last year to Rs 180.11 crores this year.

Martin Burn to convert preference shares

Holders of preference shares in Martin Burn Ltd have been offered a scheme whereby they can opt to convert their preference shares to equity shares. Under the scheme, each fully paid up preference share of Rs 100 can be converted into 10 equity shares of Rs 10 each.

The announcement of the scheme follows representations to the management of a large number of preference shareholders for such a scheme, since the company has not been able to pay dividends on preference shares since 1974.

Martin Burn's issued, subscribed and paid up share capital is Rs 3.69 crores divided into 30,86,477 equity shares of Rs 10 each and 60,000 preference shares of Rs 100 each.

Parke Davis to manufacture razor blades

The Projects Approval Board (PAB) has cleared the proposal of Parke Davis (India) Ltd, a pharmaceutical company to manufacture razor blades in collaboration with Warner Lambert, USA.

In its proposal, Parke Davis had asked for permission to make both conventional razor blades as well as twin blades for a total capacity of 300 million units per annum.

The proposal envisages a net foreign exchange outflow of Rs 11.5 crores for capital equipment and raw material imports and royalty and lump sum payments to Warner Lambert over a five-year period of the collaboration.

To finance the project, Rs 4 crores will be raised by way of internal generation and Rs 7.45 crores from financial institutions.

BHEL gets Bhilai order

The industrial systems group of Bharat Heavy Electricals Ltd (BHEL), Bangalore, has secured a Rs 6.5 crore order for the modernisation of the merchant mill and billet mill of the Bhilai steel plant.

As part of the job, BHEL will supply thyristorised DC drive controls, a programmable controller-based master reference system, micro processor based data loggers and a fault printout system with diagnostic features.

IEL shuts Rishra polythene unit

The polythene plant of Alkali Chemical, one of the ICI group's oldest manufacturing units in the country situated at Rishra, West Bengal, has been closed down.

The 28-year-old unit was closed with the approval of the West Bengal government because the UP government had stopped supplying industrial alcohol, the key raw material, since September 1984. The plant had been running since then on imported alcohol which proved uneconomic, thanks to high duty rates.

In November last year, the government waived the import duty but it was too late to revive the plant.

RIICO ties up with Ranutrol

A memorandum of understanding has been signed between the Rajasthan State Industrial Development and Investment Corporation Ltd (RIICO) and the Ranutrol Group of Industries for setting up a new Rs 3 crore project for the manufacture of process control instruments and instrumentation systems in the Bhiwadi industrial area.

Ranutrol has a technical collaboration with Japan's Yamtake Honeywell Co Ltd for the project. RIICO is expected to sanction a term loan of Rs 90 lakhs and contribute to equity to the tune of Rs 12.75 lakhs. The Ranutrol group of companies is presently in the field of manufacturing air conditioning and refrigeration controls, heating controls, industrial controls, bathroom and kitchen water fixtures, gas controls, electro magnetic relays and electronic typewriters.

India Safety Vaults to expand

Indian Safety Vaults Ltd, which has completed a year of operation in Bombay, has plans to open more branches in the city. Bombay has had an acute shortage of safe deposit lockers for some time now. The company has provided locker facilities to over 1,000 customers so far. The vaults have been designed and constructed to RBI specifications.

IPCL plant commissioned

Indian Petrochemicals Corporation Ltd (IPCL) has commissioned a new high purity nitrogen plant to meet its increased inert gas requirements for processing petrochemicals. The plant, commissioned at the IPCL complex, in Baroda is one of the largest built in the country. It cost Rs 7 crores to set up and has a nitrogen capacity of 3,500 normal cubic metres per hour.

The new plant has been designed, engineered, fabricated and erected by Bharat Heavy Plates and Vessels Ltd, in collaboration with L'Air Liquide of France.

Ashok Leyland hikes prices

Ashok Leyland, the leading commercial vehicle manufacturer, has increased the prices of its models, close on the heels of an increase effected by Telco to cover partially the escalation of input costs.

The hike, which came into effect on 10 July, works out to 5 per cent. It ranges from Rs 8,300 to 8,900 on various models, exclusive of the duty element. Two popular models, the Comet truck and the Viking passenger vehicle, will be much dearer now, costing Rs 8,900 more, plus duty.

BEL to make glass shells for CTV

Bharat Electronics Ltd (BEL) is planning to go in for the production of glass shells, for colour picture tubes. The B&W picture tube glass shells units at the company's Bangalore complex will be adapted to make the shells for colour picture TV tubes.

BEL's unit at Taloja will begin production of glass shells for B&W picture tubes shortly. The capacity of this unit will be expanded from 1.1 million to 2.2 million units this year.

PCB unit to be set up in Calcutta

Saraogi Electro Circuits, promoted by V. K. Saraogi, a Calcutta based businessman, is setting up a unit in Calcutta to manufacture printed circuit boards. The unit, to be equipped with Italian machines, will have an investment of Rs 50 lakhs.

The capacity of the unit will initially be 5,000 sq metres of consumer and professional grade PCBs per year. The project report provides for doubling of capacity in due course.

The West Bengal Financial Corporation will be providing a term loan for the project, while Allahabad Bank will take care of the working capital needs.

ET&T pact with UK firm

A British company, Atlantic, and the state owned Eke Electronic Trade and Technology Corporation has signed a memorandum of understanding for the transfer of high technology to India.

The company's technological and financial expertise will be made available to Indian industry.

The company has also signed an agreement with CMC Ltd for maintaining medical and dental equipment sold by the British company in the country.

Atul to merge with GAL

The government has approved a proposal for amalgamation of Atul Products Ltd with Gujarat Aromatics Ltd under Section 23(2) of the Monopolies and Restrictive Trade Practices Act.

The department of company affairs, in its order, has clarified that any tax benefit arising out of the amalgamation will be utilised for revival of the sick unit. In addition, periodical reports will have to be submitted with regard to steps taken for revival of the sick unit to the government.

Awards

- Gannon Dunkerley & Co Ltd has received AIMO's Bharat Ratna Visvesvaraya Award for their outstanding and sustained growth over the last five years.
- Lintas India's public service film *Born Equal* has won the national prize at the International Advertising Film Festival at Cannes.

The Cannes Award comes close on the heels of two Clio Certificates of Merit that were awarded to Lintas earlier this month, one for Cherry Blossom shoe polish commercial *Charlie In the Army* and the other for a public service film titled *No smoking*.

Events

- INVEX Japan 88, an international exhibition of investment instruments and related services, will be held in Tokyo from 11 to 14 October 1988 along with the East-Asian Stock Exchange. For further information contact: SHK International Services Ltd, Head Office: 22/F, 151 Gloucester Road, Hong Kong.
- Envirotech '88 will be held in Bombay on 20-25 January 1988. For further information contact: Chemtex Secretariat, Taj Bldg, 3rd floor, 210 Dr D N Road, Bombay 400 001.

Diary

Date	Subject	Organiser	Venue
31 July and 1, 7, 8, 13, 14, 21, 22, 28 29 August	**Perspectives on Marketing Management**	Madras Management Association, (Tel: 475800, 478311)	Welcomgroup Chola Sheraton, Madras
31 July	**Advertising — Should it be controlled?**	Delhi Management Association, (Tel: 731476, 733396)	PHD House, Siri Fort, New Delhi
3-8 August	**Cash Management and Working Capital Control-4**	Administrative Staff College of India, (Tel: 36952, 36956)	College premises
6 & 7 August	**Workshop on Supplier Integration for the Emerging Manufacturing System**	Madras Management Association (Tel: 475800, 478311)	Welcomgroup Chola Sheraton, Madras
7 & 8 August	**Decision Support Systems — Potential & Pitfalls**	Madras Management Association, (Tel: 475800, 478311)	Welcomgroup Chola Sheraton, Madras
21 August	**Introduction to Office Automation**	Education Services, Tata Unisys Ltd Bombay (Tel: 4308161)	Taj Intercontinental Bombay

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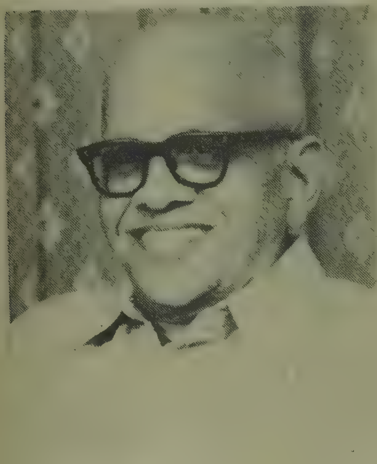
NDD

Businessmen in the News

Deposits spree

Leasing and finance companies may have lost much of their glitter, but the Coimbatore-based Sakthi Finance Ltd has made it to the forefront in the public deposits market. During the year ended March 1987, the company managed to mobilise deposits of over Rs 24 crores on a net worth of Rs 4.34 crores — by June end, the figure crossed Rs 27.5 crores. "No one has collected so much in so short a time," says S. N. Pai, executive chairman of the company.



Pai: To the forefront

"Hard work helped us achieve this," says Pai, whose company advertises its deposit schemes extensively. A third of the company's deposit-holders are from rural south India. With a network of 25 branches all over the country (including one that opened last fortnight in Chembur, an area of Bombay heavily populated by South Indians), Pai expects to raise deposits of up to Rs 50 crores in the current year.

"Collecting money is easier than investing it wisely," says Pai, whose company fights shy of big ticket lease deals. "Thirty per cent of such loans get sticky." With about 12,000 borrowers, the average size of a loan is Rs 40,000, and most of the advances go towards vehicle purchases, routed through other companies in the Sakthi group, which are agents for automobile manufacturers such as Telco and Bajaj Tempo.

The company's diversification into safe deposit vaults has paid off in more ways than one — they are linked to deposits of at least Rs 5,000 each. "There is a great unsatisfied demand for safe vaults," says Pai, who plans to intensify activity in that area.

A good impression

Maschinenfabrik Polygraph (India) Ltd, a company that began making printing machinery in 1972, has done will for itself. Last year (ending June 1987), it's sales stood at Rs 11.26 crores against a capital of Rs 55 lakhs. Gross profit for the year was a healthy Rs 1.24 crores and the earning per share (of Rs 10) was an impressive Rs 10.36.

"We manufacture 250 web offset machines a year, around 45 sheet fed and 40 letter press machines. Soon, we also want to manufacture larger machines which should make us significantly stronger in this business," says Sanat M. Shah, chairman of the company, who also has a 35 per cent holding in the company's equity.

Shah: bigger and better machinery in mind

"To meet the cost of expansion, estimated to be around Rs 2.20 crores, we intend to make an issue of 220,000 equity shares of Rs 10 each at a premium of Rs 15, and 110,000 (14 per cent) convertible debentures of Rs 140 each," says Shah. "Thereafter we expect to spend another Rs 10 crores, over the next two to three years, to set up a manufacturing facility for large newspaper rotary presses."

According to Shah, the latter facility may be set up under a new company, possibly as a subsidiary of Mashinen Polygraph, and also in financial collaboration with Plamag of the US. In any case, with current export orders alone worth Rs 11 crores and a growing market for printing machinery, Shah seems to have a steady future cut up for himself and his company.

Singh: steeling the steel further

Another Swedish venture

For those familiar with Swedish companies in India, Kamaljit Singh is not a stranger. Chairman of Alfa Laval Ltd (formerly Vulcan Laval) and vice-chairman and managing director of Wimco Ltd, Singh is now engaged in setting up Hoganas India Ltd, another Indo-Swedish company.

This company will be set up in financial collaboration with HAB, of the Hoganas group, based in Sweden. The group, whose worldwide turnover was US $350 million last year, is involved in the manufacture of metallurgical products, building ceramics, refractories and abrasives, among other things. The Indian venture, to be located at Ahmednagar, Maharashtra, will manufacture 6,000 tonnes of high quality iron powder a year.

"This powder is so fine that it will take about 8 million particles to fill a teaspoon," explains Singh. "Such a product should find great use in defence applications, the automobiles, industry, steel plant fabrication, chemical engineering and power sector. This is because the iron powder offers excellent chemical reactivity, electrical resistivity and abrasion resistance. This product, essentially an import substitution item, should help save Rs 3 to 5 crores of foreign exchange a year."

Wheeling along

"Today we are the largest tyre manufacturing company in India producing over 2.5 million tyres a year," declares Harsh V. Goenka, managing director, Ceat Tyres of India Ltd, the Rs 300 crore company belonging to the Goenka group. "In fact our sales crossed the Rs 279 crore mark during the 11 month period ended May 1987. By June end, for which figures are being compiled, our sales could be around Rs 320 crores," he adds.

Goenka: from strength to strength

Goenka plans to start manufacturing radial car tyres in a year's time, a project that should cost the company Rs 7 crores. "We also plan to expand capacities in respect of tyres for trucks, scooters and motorcycles and add balancing equipment at our Nasik plant," he says. "All this should cost us another Rs 8 crores or so."

"That is why we have announced a rights issue of 4.4 million (12.5 per cent) convertible debentures of Rs 50 each for cash at par. Each debenture will be converted at a premium of Rs 15 in six month's time (the balance remaining non convertible). This should increase our equity marginally from the present Rs 6.21 crores to Rs 6.65 crores. But then we expect our sales to cross Rs 360 crores by next year," he adds.

Derived sickness

The increasing incidence of sickness in the country's textile industry has led textile machinery manufacturers to the point of sickness, according to Deepak Banker, the outgoing chairman of the Textile Machinery Manufacturers' Association (TMMA). "The textile machinery industry has now almost reached flashpoint," he said at the annual meeting of the TMMA last fortnight, pointing out that the number of mill closures had increased to 95 by end-April this year from 72 in 1985-86.

Banker, who is also vice-chairman and managing director of Kunal Engineering Co Ltd, told chief guest Shiromani Sharma, secretary (textiles), that capacity utilisaton in the industry had dropped to 45 per cent over the last four years. Calling for government efforts to revitalise the textile industry, he felt that "given the right long term incentives and direction", a export target of Rs 600 crores is possible.

The Rs 750-crore outlay for the Textile Modernisation Fund of the Industrial Development Bank of India was also far too small, Banker felt. "The NTC mills alone may require Rs 900 crores," he said. To help the textile industry modernise, he suggested that the government give back half the excise duties paid by mills for purchase of new machinery.

Beijing bow

"Be direct, but with creative flair." This was Alyque Padamsee's message to delegates at the Third World Advertising Congress held in Beijing recently. The only Indian invited to address the congress, Padamsee, who is chief executive of Lintas:India Ltd, spoke on his pet subject — public service advertising.

Padamsee: servicing the debt

Padamsee, who discovered a revolution in creative thinking among the 100-odd advertising agencies in China, drew cheers from the 900 Chinese delegates as he demonstrated his formula. In a film on family planning, he showed three tomatoes being squeezed into a jar meant for two, with the slogan, "When you have two, that will do" — a message that, according to research tests, was clear even to rural people.

The standing ovation that Padamsee got for his public service films is the latest accolade to come his way. He is the only Indian to be voted into the Clio Hall of Fame. The international awards he has won for his public service films include a Clio award for one on handicapped children. This year too, his agency won two Clio awards — one for a film on the dangers of smoking, and another for a Cherry Blossom ad.

Padamsee, who has advised the governments of Malaysia and Singapore on public service campaigns, feels that personal motivation is the key difference between public service advertising and propaganda.

Out of consumer banking

With Citibank and Hongkong Bank introducing automatic teller machines in India, one would expect Bank of America (BankAm) to do the same. But BankAm has different ideas. According to Stephen B. Hunt, senior vice-president and general manager for the bank's operations in Hong Kong, India, China and Taiwan, BankAm is going to be concentrating on "wholesale banking" outside the US from now on. "We are not going to be an aggressive player in the retail market any longer", he says. BankAm is selling off most of its consumer banking businesses across the world, barring those in the US.

Obviously much thought has gone into a move as major as this, but as Hunt puts it, simply, BankAm opted for such a course "because we think there is more value to be added in wholesale banking and as such we should concentrate on this area". In keeping with this, BankAm is introducing a whole new range of fiscal products that it hopes will boost its wholesale banking activities in the Asian region. These include various new instruments in the capital markets and products specifically designed for trade and industrial finance and foreign exchange dealings.

Hunt: more value in wholesale banking

Hunt says the exercise of selling out consumer banking operations is "pretty much over" now and there will be no further sales in the Asian region. Consumer banking he feels, is a high risk area and, in today's predatory atmosphere, "BankAm wants to remain an independent organisation".

Energy saver

"I am here to familiarise the Indian fertiliser industry with the AMV process for ammonia production," says UK based Alwin Pinto, chief technologist, ICI Catalyst & Technology Licensing, who was in India recently. The development work on the AMV process, which is Pinto's invention, started in the early seventies.

Pinto: offering a "rugged and forgiving" plant

The integration of process and energy systems is of vital importance to the economies of large scale chemical plant operation. The process used in ammonia production is essentially one of energy conversion in which the only meaningful measure of efficiency is that of energy utilisation. This can be calculated on the basis of the quantity and quality of energy exchanged. "The AMV process is a balanced process which achieves high efficiency without the need for extreme process conditions," explains Pinto.

According to Pinto this process is both cost and energy saving. "We are the only people in this business who manufacture ammonia as well as offer technology. The AMV process has been proved on established unit operations. The design resulted from a combination of ICI's energy optimisation techniques and the experience of over 60 years of both ammonia plant operation and catalyst research, development and manufacture."

The AMV process which was first installed in Canada has apparently demonstrated excellent performance since its start up two years ago. According to Pinto, the Canadian operators describe their AMV plant as a "rugged and forgiving plant".

Shipping

Labour seizes Scindia's wheel

Long delays in working out a revival plan and the reported dissension among the board of directors have left the sick Scindia Steam Navigation Co Ltd rudderless. The Shipping Credit & Investment Company of India (SCICI) is insisting on the company's promoters raising about Rs 15 crores before it disburses any financial assistance, but Scindia's chairperson Sumati Morarjee has so far had no luck, despite several attempts made in India and abroad.

Plan of action. Meanwhile, the restive unions of the company have worked out a plan of action that has got the nod from the company's management, at least in principle. Jettisoning ships that are uneconomic and overage and selling off some real estate form the essence of the plan, which has been worked out by the National Union of Seafarers of India (NUSI), the Maritime Union of India, the Scindia Officers' Guild, and the Scindia Employees' Union.

Although the company owes the government Rs 136 crores by way of outstanding loans and another Rs 21 crores to various creditors, the plan seeks to raise just about Rs 23.5 crores — this sum, along with substantial concessions from the government and creditors, may be enough to re-start operations. The assets identified and the expected realisations are: Rs 10.5 crores from the sale of 10 ships, Rs 5.5 crores from the leasing out of two floors at Scindia House in Bombay, where the company is headquartered, Rs 5 crores from the sale of a vacant plot in suburban Bombay, and Rs 2.5 crores from the sale of one wing of the company's residential quarters in central Bombay.

As the implementation of this plan may take some time, the unions have suggested that the government provide some bridge finance. They also want the government to allow the company to retain the sale proceeds to fund its operations, instead of adjusting them against loan outstandings. And, to secure the release of some of the ships identified for sale from mortgages created on them by the Shipping Development Fund Committee (SDFC), the unions propose that the government accept other unencumbered assets of the company as a replacement. Sanctions from financial institutions and the government for the sale of ships will also have to be pushed through quickly, they add.

Sale proceeds. With the proceeds of the sale, the company could pay off creditors to the extent of 25 to 30 per cent of the total dues, and spread out the rest over a period of three to five years. "The creditors should be taken into confidence and the realistic situation should be explained to them, especially the fact that in the event of liquidation, they may not fetch anything," says the plan document, which also adds "...and the government may be persuaded to stand as guarantors."

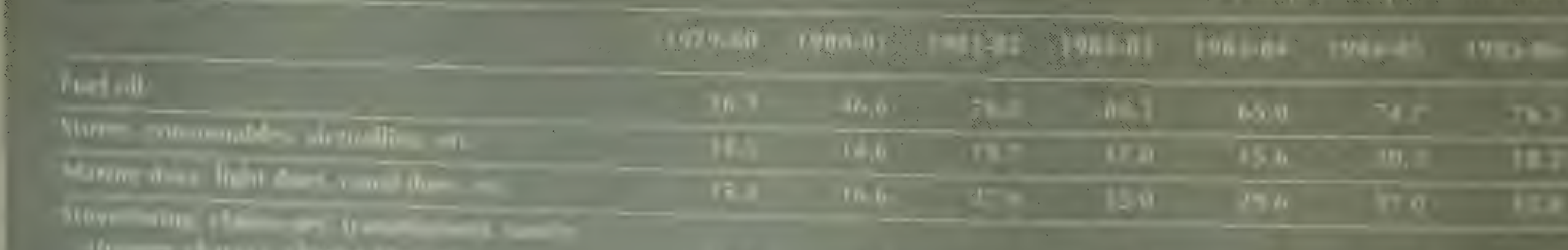
While creditors will take away Rs 6 crores according to the plan, Rs 2.5 crores is sought to be spent on carrying out repairs and dry-docking to re-mobilise the rest of the fleet. Working capital requirements will be in the region of Rs 8 crores, while another Rs 2.5 crores will go towards meeting standing and direct expenses of some ships, to enable them to complete their voyages. The plan also earmarks Rs 3.3 crores for the company's contribution towards the purchase of fuel-efficient ships (about 10 per cent of the total cost), while the balance of Rs 1.2 crores has been kept aside for contingencies.

After the sale of the 10 ships, Scindia will be left with 14 vessels, which the plan seeks to employ on time charters and the profitable India-UK/Continent and the India-USSR routes. Chartering of vessels for single leg voyages from the UK/Continent to India could be another profitable proposition, according to the plan. Four of the company's ships, which have been purchased from Hindustan Shipyard Ltd at Visakhapatnam, are proving to be a drain on the company's finances, and the unions want them to be given special treatment by the government, preferably by employing them on a cost-plus basis.

If the operations are restructured in the recommended manner, the plan foresees a positive cash flow of about Rs 5.4 crores from the 14 remaining ships, after meeting all direct expenses, but before providing for interest costs. Another Rs 4 crores is sought to be earned from chartering product tankers with public sector oil companies and employing mini-bulk carriers on tramp routes. For this, the company will have to purchase two fuel-efficient product tankers, and four handy-sized bulk carriers (around 27,000 dwt).

With better planning, judicious selection of cargo and faster turnaround of vessels, the plan expects operating profits to improve by Rs 3 crores, while another Rs 60 lakhs to Rs one crore is sought to be raised by taking on the management of supply boats, recruitment for vessels, and other agency assignments.

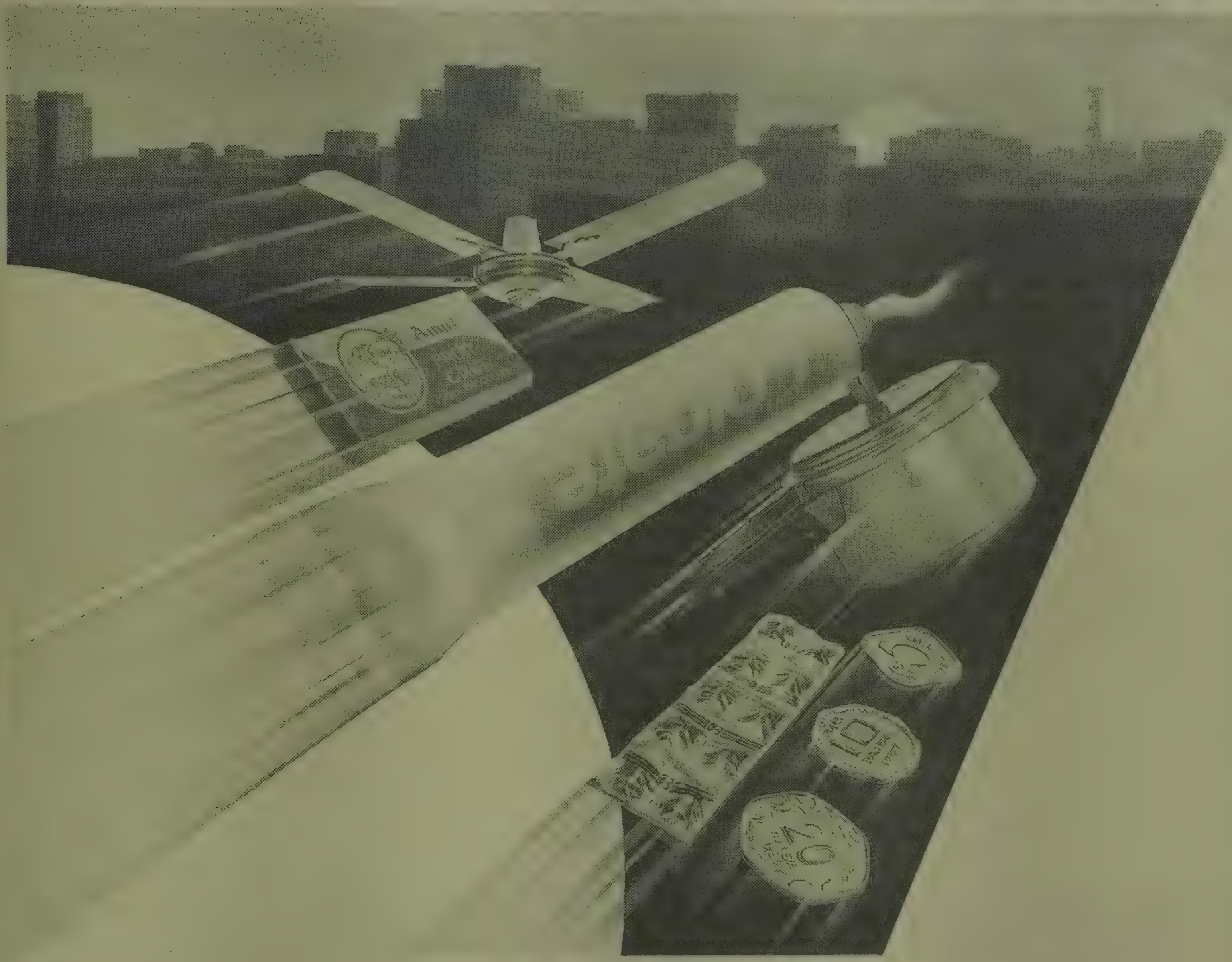
Loan and interest burden. But looming large over all this is the loan and interest burden. To tackle this, the unions seek a range of conces-


Scindia Steam Navigation Co Ltd

Cost per ship (Rs in lakhs)

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Fuel oil	36.3	46.6	[illegible]	66.1	65.0	74.5	[illegible]
Stores, consumables, victualling, etc	18.5	14.6	19.7	17.0	15.6	20.2	18.7
Marine dues, light dues, canal dues, etc	15.8	16.6	[illegible]	15.0	29.6	37.0	[illegible]
Stevedoring, clearance, transhipment, sundry delivery charges, charter hire, etc	16.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Repairs, spare parts, survey, docking charges, etc	12.7	[illegible]	[illegible]	18.1	[illegible]	[illegible]	[illegible]
Establishment charges	[illegible]	3.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GOOD MORNING INDIA



Morning to night, day in, day out, we serve India in a million ways.

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Who are we?

We are Indian Aluminium Company, Limited — INDAL. Over 7,500 people at 13 locations, 6 states. Producing the widest range of aluminium semi-fabricated products, an array of carbon and chemicals. For 50 years. And strong links with Alcan Aluminium of Canada—leaders in contemporary aluminium technology.

Our quality and innovation are reflected in strong customer preference and superior market position in India.

We are the largest exporter in the industry, having exported technology to Malaysia, Sri Lanka and Canada, to name a few.

Professionally managed, respected corporate citizen, financially rock solid.

The most profitable company in the primary aluminium industry.
A 36-year unbroken dividend record.
Serving 21,000 shareholders.

And we are still growing.

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CLARION C-IALC-1

Chowgule's problems

Cochin Shipyard Ltd (CSL) has the rare distinction of building a ship and then having to fight with its customer to accept delivery. In May 1981, the yard's customer, Chowgule Steamship Ltd, ordered a 75,000 dwt Panamax bulk carrier christened *Maratha Majesty*. The contract stipulated 30 September 1984 as the delivery date. But CSL completed the work only in December 1986.

Too much delay. Meanwhile, in June 1986, Chowgule Steamships threatened to rescind the contract, accusing CSL of delays far beyond the contract's maximum permissible delay of 480 days. CSL, on its part, invoked the contract's *force majeure* clause and claimed that the delay was due to factors beyond its control, viz, last year's power cut and consequent layoffs, delays in subcontracting work and receipt of materials, etc. Therefore, stressed CSL, Chowgule Steamships was not justified in revoking the contract and refusing to accept delivery. Chowgule Steamships say that even these *force majeure* conditions do not permit a delay beyond 720 days.

Although the delay is ostensibly the reason for the present impasse, it is actually the ship's price (Rs 32.5 crore) that is the bone of contention. When the contract was signed, a provisional price was fixed at Rs 22.5 crores. This was only to enable Chowgule to plan its stage payments. Ship prices are always fixed by the shipping ministry based on the international parity price. Chowgule, however, assert that today's depressed freight rates will never permit it to break even by plying the Rs 32.5 crore *Maratha Majesty*. It will gladly accept the ship at a reduced price.

CSL, on the other hand, has already spent about Rs 45 crores on the ship and would certainly resist any decrease, even though it can ultimately pass on its burden to the union government.

Soured relations. Meanwhile, relations between shipbuilder and client have soured considerably, with each accusing the other of obduracy and delaying tactics. CSL feels that Chowgule has been quibbling over minor details of construction and outfitting, while Chowgule, on its part, claims that CSL has been tardy and imperfect in its work.

In May, the shipping ministry met with both CSL and Chowgule. It was decided that Chowgule should take delivery of the ship and the disputed price be referred for arbitration. But Chowgule insisted that the terms of reference for arbitration be fixed first. CSL wants these terms to consider its cost of construction. Chowgule counters that this is unfair since the high production costs are due to CSL's delays and inefficiency.

Meanwhile, CSL went ahead with its work on the ship, dry docked it on 14 June and planned a sea trial on 22 June. Chowgule sent six of its staff, including technical personnel to Cochin to help and oversee the work. On 15 June, Chowgule's chief technical manager, who had come to inspect the dry docking, met rear admiral G. T. Wadhwani, CSL's chairman and managing director. When Wadhwani asked him whether Chowgule would take delivery, the technical manager replied that he did not have the mandate to do so since the terms of reference for arbitration were yet to be set.

CSL then realised that a sea trial would only involve infructuous expenditure since it was doubtful whether Chowgule was taking delivery. CSL, then, cancelled the sea trial. Soon after, it also deprived Chowgule's local representative of the fringe benefits, he had been enjoying, viz, car and telephone use of the officers' mess, etc. CSL also disallowed inspection visits to the ship and from 29 June it denied Chowgule reps entry to *Maratha Majesty*. CSL had already begun to turn the screws on Chowgule.

In fact, word was spread that CSL was looking out for new buyers. Though the CSL top management had conveyed this orally to the local Chowgule representative, nothing has been committed officially in writing — not even the withdrawal of facilities mentioned earlier.

As this war of nerves peaks, the shipping ministry is in touch with both CSL and Chowgule to hammer out a solution. When the outcome is finally known, which should be soon, someone will certainly lose face. But not as much as *Maratha Majesty*, now forlornly berthed in Cochin and rather unmajestically collecting barnacles.

K. G. KUMAR

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sions. First, they want the government to reduce the outstanding loans to the market value of the ships mortgaged to them, and convert the balance into zero interest bonds payable after a period of 10 years. While the interest on the reduced loans may start immediately, the repayment of the principal amount may begin after three years.

Secondly, they want the government to use its good offices to secure moratoria on loans from foreign banks and shipyards for a period of at least three years. Repayment of foreign bank loans settled by the government should also begin after a period of three years, at an interest rate of 7.5 per cent, says the plan. Against guarantees provided to some foreign banks, the government had settled some of Scindia's loans (including Rs 6.88 crores to the Bank of Montreal), as also some insurance premia and club fees. According to the unions, the total interest burden of about Rs 4 crores (including those payable on loans from the SDFC and foreign banks/shipyards), can be met by the cash flow generated from the restructured operations.

Regal style. While the unions are convinced about the viability of the company if their plan is put into operation, they are keen on getting the management revamped. "There is no dynamism in the management of the company. They are accustomed to a regal style of functioning," says Leo Barnes, secretary of the NUSI. "They are not geared for crisis management." The proposal is to get an administrator from the government (preferably, the union finance ministry) as a managing director or a chief executive. Three new directors have already joined the company — S. V. Shah from the Industrial Credit and Investment Corporation of India, V. M. Parekh, who recently retired as finance director of the Shipping Corporation of India, and B. V. Rao, joint secretary in the ministry of shipping — and two more are expected to join shortly.

The new management, if and when it takes over, will not find any dearth of opportunities to cut costs. In fact, in almost every area, Scindia's costs per ship are substantially higher than those of other companies, besides going up steadily year after year (see chart). For example, during 1984-85, Scindia spent an average of Rs 20.2 lakhs per ship on stores, consumables and victualling, while the Great Eastern Shipping Co Ltd managed with Rs 12.5 lakhs. Similarly, Great Eastern spent an average of Rs 57.4 lakhs per ship on fuel oil during that year, while Scindia's bill was Rs 74.7 lakhs.

Room for improvement. Scindia's chief executive S. I. Bijwadia, while admitting that "there is always room for improvement", dismissed such calculations as inaccurate. According to him, one must compare the running costs of Scindia's ships with those of other companies plying on the same sea routes, to arrive at an accurate assessment. "Companies such as the SCI have many bulk carriers and tankers... the costs are distributed," he says. "Otherwise the cost factors are almost the same." It is difficult to accept Bijwadia's arguments, especially when one notices the outflow in areas such as cargo claims and dunnage (stowage material used to prevent cargo on board from shifting positions). Dunnage costs per voyage went up from Rs 90,000 in

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CLARION C-IALC-2

1982-83 to Rs 1,28,000 by 1984-85, while cargo claims per voyage shot up from Rs 93,000 to Rs 2.71 lakhs during the same period.

Another problem area will be the company's workforce. According to Barnes, the staffing is already four times the actual requirement, and the situation will worsen once the 10 ships are sold. While Bijwadia maintains that "as of now, there is no surplus", he does not rule out the possibility of golden handshakes in the near future. But for that, Scindia will have to think up ways to raise an estimated Rs 10 crores to meet terminal dues, besides the unpaid salaries of about Rs 5 crores. Fearing a situation where their interests may be compromised, some of the unions, including the Shipping Employees' Federation of India, have demanded nationalisation of the company.

The immediate need, however, is for a decision on the future course of action. While, on the one side, the SCICI and the government, and on the other the Scindia management have yet to agree on a plan, the company's losses are mounting at the rate of Rs 3 to 5 crores each month. And the situation is more uneasy than it appears — neither party is sure about who has to make the next move. As a senior official of a government agency involved in negotiating the revival plan said, "It is as good as a stalemate. The ball is in both the courts."

SHANKAR P.

MTNL

UIP bags the directory

If Mahanagar Telephone Nigam Ltd (MTNL) and United India Periodicals Pvt Ltd (UIP) are to be believed, telephone subscribers in Bombay and Delhi are likely to to see "a revolution in communication media". This refers to the yellow pages, which UIP has undertaken to print for MTNL, in addition to the regular white pages directory, for the next five years. The yellow pages will classify, upon request, all telephone subscribers according to product, profession, business or service. According to MTNL and UIP, this project could easily involve gross revenues of up to Rs 200 crores for UIP and over Rs 50 crores for MTNL. And the general public would enjoy a great convenience.

Hefty job. In March this year, after examining responses to tenders it had earlier floated, MTNL decided to hand over the printing of directories for Bombay and Delhi to UIP. The tenders had specified that the job would also entail printing the additional yellow pages directory, which could eventually have as many as 1,000 categories, making it almost twice the size of the white pages directory. Revenues accruing from advertising subscriber's names in the yellow pages would go to the publisher of both directories.

After floating two tenders (UIP did not bid for the first), MTNL finally awarded the job to UIP. There were charges that the second tender was floated only to favour UIP, as its managing director, R. K. Mishra, was very close to the powers that be. People at UIP and MTNL stoutly deny these charges.

Whatever the truth, the fact is that UIP made an offer that MTNL just couldn't pass up. Other bidders (M&N Publications, Sesa Goa, Tata Press and Thomson Press) agreed to publish the white and yellow pages and pay MTNL royalties ranging from Rs 1 lakh (Thompson) to Rs 6.5 crores (M&N) or asking MTNL to pay Rs 25 crores (Tata Press). UIP, on the other hand, offered to pay the telephone corporation a whopping sum of Rs 20.16 crores spread over five years, in addition to supplying the white and yellow pages free of cost to telephone subscribers in Bombay and Delhi. (Additional copies to offices, hotels and homes would be supplied at a price.)

Obvious attraction. For MTNL, the attraction of the offer was obvious, as it would profit by over Rs 50 crores in five years' time. This was because, in addition to the Rs 5.5 crores it spends on printing the white page directories for Bombay and Delhi each year (the cost and volume should increase each succeeding year — see table), MTNL would also get the Rs 20.16 crores royalty. To safeguard its interests, MTNL also obtained a performance guarantee deposit of Rs 1 crore from UIP and insisted that all revenues got by way of bold and additional entries in the white pages (not strip advertising, though) would be collected by and deposited with MTNL to be set off against the Rs 20.16 crores due to it.

Simultaneously, people at the helm of the telephone company also took the precaution of ensuring that UIP opened letters of credit with leading suppliers overseas for the sophisticated machinery essential for printing and publishing both the white and yellow pages. Informed sources estimate the cost of such equipment (inclusive of computers and printing and binding machines) at Rs 8 crores to start with, going up to Rs 18 crores by the fifth year.

Inevitably, MTNL's big fear was: Could UIP deliver as promised? Also, had UIP been too rash in its offer? — had it done its homework? Critics charged that UIP's plans would just founder; that it had miscalculated the returns coming from this business. "They just cannot succeed," says S. B. Krishna, of the Bombay-based Amalgamated Business Corporation, which has already published one edition of a 365 page ABC yellow pages directory last year for Bombay, which was retailed at Rs 80 a copy. "After a year and a half of selling space, our total revenues, inclusive of bad debts and a 30 per cent outgo by way of trade discount and commissions, were only Rs 14 lakhs," says Krishna. Echoes V. V. Pillai, general manager (sales) Tata Press, "They just won't be able to earn that kind of money to pay MTNL Rs 20 crores."

Can UIP deliver? Sceptics doubt UIP's ability to deliver, going by estimates of what it might cost the publishing company to print the directories. Printing the directories for Bombay and Delhi alone might involve at least 3,000 tonnes of paper the first year. This would go up about four times in five years — for the white pages alone. About 30,000 to 45,000 tonnes of paper would be needed over five years. At even Rs 12 a kg, this would involve sums ranging between Rs 36 crores and Rs 54 crores. Add to this another Rs 10 crores towards compilation of data and printing, the capital costs of Rs 8 to Rs 18 crores involved, and the Rs 20 crores to be paid to MTNL, and the figure crosses a mindboggling Rs 75 crores. Given that they made just Rs 14 lakhs

The size of the business

	Delhi			Bombay		
	No of copies (in lakhs)		No of pages	No of copies (in lakhs)		No of pages
1987-88	6.13	x	1210	9	x	1740
1988-89	8.70	x	1720	10.5	x	1960
1989-90	10.00	x	1980	12.15	x	2300
1990-91	12.03	x	2386	14.4	x	2740
1991-92	13.53	x	2680	16.0	x	3060

Source: Industry estimates for white pages only, which allow for a margin of 10 per cent either way.

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FROM ALUMINIUM COMES OUR CONFIDENCE, FROM TECHNOLOGY OUR FUTURE

CLARION C-IALC-3

from yellow pages, can UIP generate average revenues of over Rs 15 crores a year?

UIP maintains that it can. In fact, it has formed a wholly owned subsidiary, United Database India Pvt Ltd. While UIP will concern itself only with the printing of the directories, the rest of the work — marketing, data compilation and phototypesetting — will be handled by the new company. Says its chairman R. D. Bhagat, "First you must understand that we have already developed sophisticated software capable of handling and classifying data for directories. That is why Tej Press (M&N Publications) have been giving us the job of phototypesetting of the data relating to the Delhi directories for the last two years. In fact, had Tata Press or Tej won this contract, the job of phototypesetting would still have come to us because only we have the capability to handle such information effectively."

The main problem. According to other informed sources, UIP shouldn't have any difficulty printing and publishing the white pages. "Consider just the income from bold and additional entries in the Bombay and Delhi directories at present," says an MTNL source. "At present, we earn Rs 60 lakhs a year from such entries from Bombay. Assuming UIP doubles the rates for such entries, it should get Rs 1.2 crores. Add to that the revenues possible from strip advertising, and it should be able to garner the Rs 3.5 crores needed to print the present number of directories for Bombay. What goes for Bombay is true for Delhi too."

The problem, everyone admits, will be with the yellow pages. To be attractive, UIP will have to supply these pages to every subscriber free of cost (unlike Krishna who retailed them at Rs 80 each), to ensure that the advertisements reach a large market. But this will mean a combined print order of 1.1 million for both cities which in turn increases costs by at least half a crore of rupees (assuming a booklet of 200 pages). "But you forget the revenues from selling space in the yellow pages," says E. C. Schultz, former vice president, international, Volt Information Sciences Inc, USA, one of the largest publishers of yellow pages in the world, and who is advising UIP in this venture.

To reinforce the professional approach, Bhagat also points to the backing the project has secured from three non-resident Indians (Dilip Singh of the US, and Abdul Kader and Abdullah Zubair of West Asia who have a 40 per cent stake in United Data Base with their combined contribution of US $1.5 million. "Moreover, Zubair and Kader are already publishing the yellow pages for the Emirates," Bhagat adds.

Meanwhile, UIP has also won the contract for printing and publishing the white and yellow pages for Calcutta (which involves printing 290,000 copies the first year and going up to 500,000 by the fifth) for which UIP will pay the Calcutta telephone company a royalty of Rs 5 crores.

Tremendous response. "This means that we will be publishing directories for three cities," says Rekha Khanna, general manager, corporate affairs, UIP. "To achieve this, we have already begun recruiting people to market this concept. We will need about 600 people and a support staff of three to four times that number." Adds Bhagat, "The response in Delhi, where we have already launched our marketing efforts, is tremendous. As of 15 July, our sales force has already begun meeting its daily target of Rs 2 lakhs from selling space in the yellow pages." UIP also intends delivering the white and yellow pages for Delhi by December for Bombay by March, and thereafter for Calcutta.

According to Bhagat, "We expect combined revenues of over Rs 200 crores in five years' time from all these three city directories." If this assumption is correct, it is big business indeed. (In the US alone, it is estimated to be worth around US $7 billion.)

The sums that M&N Publications has offered to pay Madras Telephones and Tata Press to Ahmedabad Telephones (for which both companies have won contracts respectively), are much smaller. M&N will pay Madras Telephones just around Rs 90 lakhs or four per cent of revenues (whichever is higher) while Tata Press will pay Ahmedabad Telephones Rs 5 lakhs or 10 per cent of revenues whichever is higher. It is difficult to say which company has done its homework well.

R. N. BHASKAR

Plastics

Processors' plight

When Rajiv Gandhi announced in his budget speech that the government would initiate measures to bring down the price of plastics in view of their wide use by the common man, plastic processors' hopes ran high. Since then they have been waiting and watching and they now fear that their hopes might be belied.

They cannot afford to wait in silence any longer, with 50 per cent of the processing units facing closure thanks to the acute shortage and exorbitant prices of raw materials. Of the 20,000 plastic processing units in the country, almost 90 per cent are in the small scale sector and are likely to go under.

Loud protests. Little wonder then that the small processing units are protesting loudly through forums like the Organisation of Plastic Processors of India (OPPI) and the All India Plastic Manufacturers' Association and are threatening to descend on Delhi from all over the country to organise morchas there.

Plastic processors have come to be increasingly dependent on imported raw material

Cost of imported raw materials, indigenous price and suggested specific customs duty rate

Raw materials	Average cif price in US$	cif price in Rs (US$= Rs 13 per tonne)	Effective rate of existing customs duty (%)	Total landed cost in Rs per tonne	Indigenous price in Rs per tonne	Suggested specific rate of customs duty Rs	Counter-vailing duty (%)	Total landed cost at suggested rate in Rs per tonne
Polypropylene homopolymer	1,350	17,550	127.50 +Rs 3,250	43,177	27,300	3,600	30	27,500
Polypropylene copolymer	1,275	16,575	166.00 +Rs 7,000	51,090	35,000	8,800	40	35,525
Low density polyethylene	920	11,960	179.50	33,428	25,000	7,650	30	25,500
Polystyrene	1,500	19,500	128.00 +Rs 3,000	47,460	33,000	8,000	20	33,000
High density polyethylene	900	11,700	160.00	30,420	26,316	8,650	30	26,500

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CLARION C-IALC-4

supplies, since in recent years the consumption of plastics has grown faster than the rate of growth of indigenous capacity for raw material production. Today, of an estimated total requirement of 650,000 tonnes of plastics, only 314,000 tonnes is available indigenously.

The shortfall is made up by imports under OGL at international prices which have been steadily rising since mid-1986. What makes it worse for domestic processors is that customs duty on imported plastics is imposed on an ad valorem basis, which implies that the duly component increases along with increases in the basic price.

In April this year, the OPPI made a plea for a reduction in the duty on the ground that, since international prices were rising, there was no justification for the high customs levy originally imposed to maintain parity between the once high domestic prices and low international prices for imported raw materials. Today, the landed costs of imported plastics have become much higher than the prices of those domestically produced. While, between the second quarter of 1986 and the first quarter of 1987, the price of low density polyethylene (LDPE) had risen from $700 a tonne to $800 a tonne in the international market, today it is being quoted at $900 a tonne. The price of high density polyethylene (HDPE), which had risen from $500 to $750 by April 1987, today commands a price equal to that of LDPE. The price of polypropylene, considered high at $1,050 a tonne in April this year compared with $600 last year, is now quoted at $1,300 a tonne.

Wide fluctuations. Dr S. Ganguly, chairman and managing director of Indian Petrochemicals Corporation Ltd, had attended the OPPI annual general meeting as the chief guest in April. Although Ganguly was aware that the plastics industry had recorded a negative growth in 1986, he was not very hopeful of the government agreeing to OPPI's plea of a reduction in duty since international prices were fluctuating widely and could not be predicted. Ganguly was obviously hopeful of a drastic fall in prices.

But this has not heppened. Since international prices have been following only one direction, the manufacturers' association has now suggested to the government that instead of an ad valorem duty, a specific duty structure should be considered (see table). This would, according to the association, take care of at least part of the problem. It feels that the government can review the duty structure every six months in view of the fluctuating international prices, but the time to take some action is now.

Otherwise, according to the association, in the short-run thousands of small processors face closure, in the long-run the development of downstream units in expectation of the Maharashtra Gas Cracker Complex of IPCL and the Haldia Petrochemicals Complex that are to come up by the end of the decade will be in jeopardy.

KEYA SARKAR

Dawa Bazar strike

The ailment goes untreated

On 26 June 1987, Bombay's Dawa Bazar, the largest pharmaceuticals wholesale market in India, downed shutters in response to a strike called by the Maharashtra Rajya Mathadi Transport and General Kamgar Union (popularly known as the Mathadi Union). On 15 July, the strike was called off after the intervention of Vilas Sawant, Maharashtra's minister of state for labour welfare. In the 20-odd days when this wholesale market remained closed, as estimated Rs 40 crores of business was lost. Dawa Bazar is the biggest outlet not only for pharmaceutical products, but is also for bulk drugs, intermediates and surgical goods in the country.

Just a sop. The chief demands of the striking Mathadi Union were two: that it be recognised by the Dawa Bazar dealers, and that its members be covered by the June 1987 settlement that Dawa Bazar dealers had reached with the Shri Dawa Bazar Gumasta Mandal (Gumasta Mandal), the official recognised union since 1 October 1969.

When the protracted strike was called off however, neither of these two demands was met. Instead, as a sop, the minister persuaded the dealers to agree to pay their workers a bit more than what was decided in the June 1987 settlement.

While shops did begin doing business from 16 July, there was a general feeling that the peace would not last long. This is because the Mathadi Union is bound to try wresting recognition from the Dawa Bazar dealers once again, as it has been doing since 1977. At that time, in fact, the strike the Mathadi Union called lasted 47 days but was called off when the government intervened and referred the issue to the Industrial Tribunal which later (in 1984) ruled in favour of the Gumasta Mandal.

The dealers refuse to recognise the Mathadi Union, because, they claim, there is no need to deal with two unions. The Mathadi Union insists on being recognised because it claims to have over 1,200 members against the 700-800 members registered by the Gumasta Mandal. Spokesmen of the latter however claim that most of the Mathadi Union's members are handcart pullers and tempo drivers who cannot really be called employees of Dawa Bazar. In fact, dealers give this as the principal reason for not agreeing to extend benefits accruing from the June 1987 agreement to all the members of the Mathadi Union.

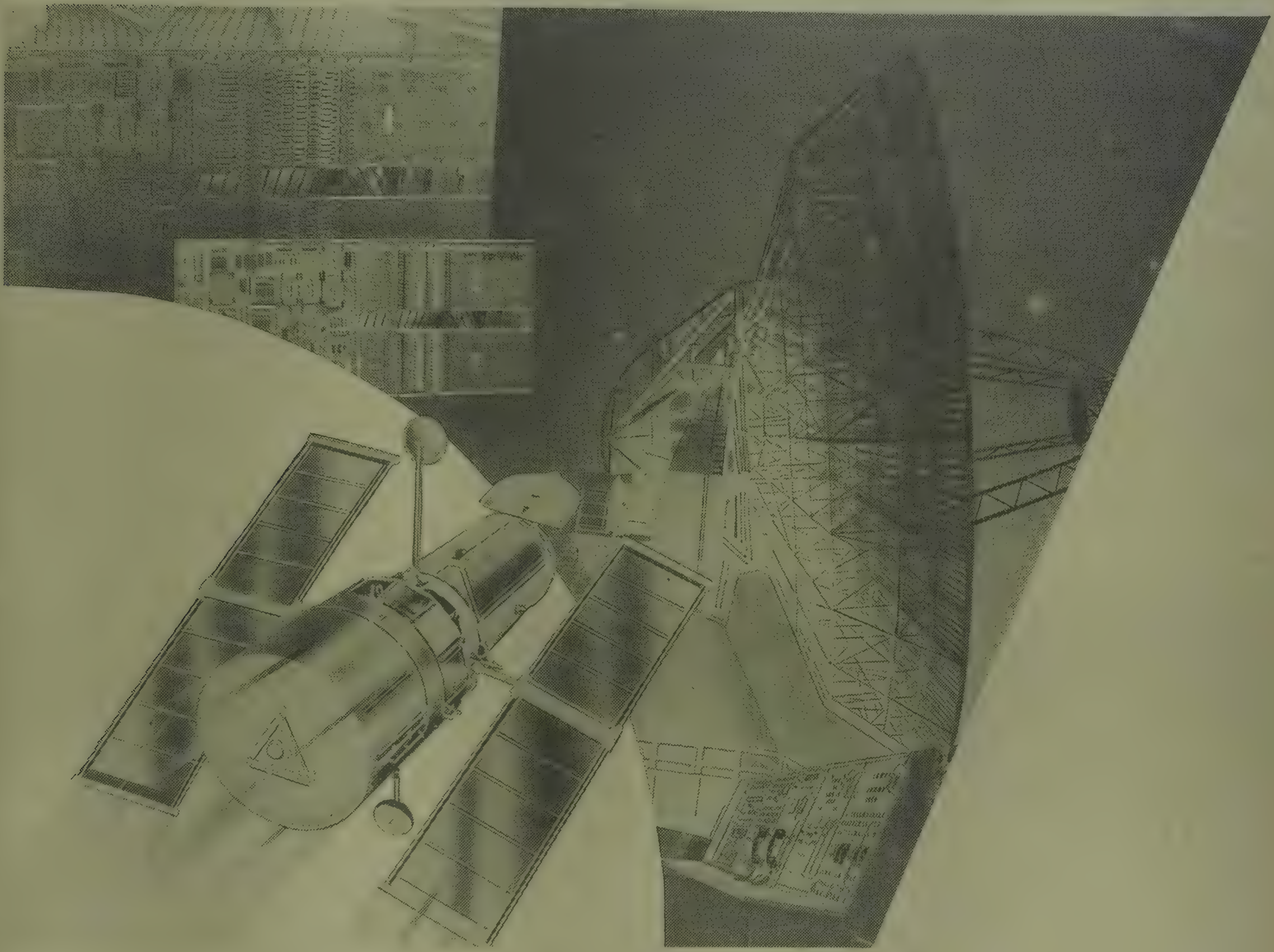
No movement of goods

Matters have got more complicated because of a communal twist given to the issue by some irresponsible leaders. Charges are being made that the Gumasta Mandal is being favoured because it comprises Gujaratis (the Dawa Bazar dealers too are by and large Gujaratis) at the expense of the Mathadi Union which is largely Maharashtrian.

In the midst of all this, the real issues have got blurred. After the June 1987 settlement, the minimum gross wages for unskilled employees of Dawa Bazar dealers comes to about Rs 1,000 a month — in addition medical and education benefits are extended to their families. With margins on pharmaceutical products limited, and cost of overheads on the increase, there is little possibility of dealers agreeing to pay much more. In fact, with more dealers opening branch offices in other parts of the city, there is good reason to believe that the next time a strike call is given, the union's very existence could be jeopardised.

R. N. BHASKAR

BEYOND ALUMINIUM INTO ELECTRONICS AND MORE



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CLARION C-IALC-5

Economic Indices

Industrial production

According to estimates from the Centre for Monitoring Indian Economy, the index of industrial production rose to 152 in May from 149 in the previous month. Industries that showed a significant decline in production included sugar (54.9 per cent) and jute textiles (11.2 per cent).

Power availability

Power generation during the period April to May 1987 was 32,248 million units, an increase of 6.7 per cent over the same period a year ago.

Prices

During the week ended 30 May 1987, the wholesale price index was 390.1, showing a 1 per cent increase over a month ago. It was 5.1 per cent higher than it was in the corresponding month a year ago.

During the same period, price rises were registered by fibres (39.6 per cent), edible oils (33.8 per cent), oil seeds (29.1 per cent), tobacco manufactures (8.5 per cent). Declines were noted by petroleum crude and natural gas (38.4 per cent) and sugar, gur and khandsari (6.6 per cent).

Money Supply

During the week ended 5 June 1987, M3 (which includes currency with the public plus demand and time deposits with banks plus other deposits with the Reserve Bank of India) increased by Rs 774 crores (0.54 per cent) to Rs 143,588 crores.

Finance and banking

Public finance: During the week ended 5 June 1987, the amount of outstanding treasury bills increased by Rs 1,877 crores (7.92 per cent) to Rs 25,579 crores.

Scheduled commercial banks: During the week ended 5 June, 1987 aggregate deposits increased by Rs 394 crores (0.38 per cent) to Rs 103,167 crores. Bank credit decreased by Rs 279 crores (0.44 per cent) to Rs 62,992 crores.

During the same fortnight net bank credit to the government sector increased by Rs 1,254 crores (1.63 per cent) to Rs 76,647 crores. Bank credit to the commercial sector decreased by Rs 174 crores (0.18 per cent) to Rs 92,233 crores.

Interest rates

During the week ended 5 June 1987, the following rates prevailed — IDBI: 14 per cent; NABARD: 6.50 per cent; call money rates (Bombay): 10 per cent; Exim Bank (suppliers credit): 8.5 per cent.

Bullion prices

The price of standard gold per 10 grammes decreased by Rs 20 to close the week ended 5 June 1987 at Rs 2,775. The price of silver (per kg) decreased by Rs 92 to Rs 4,969.

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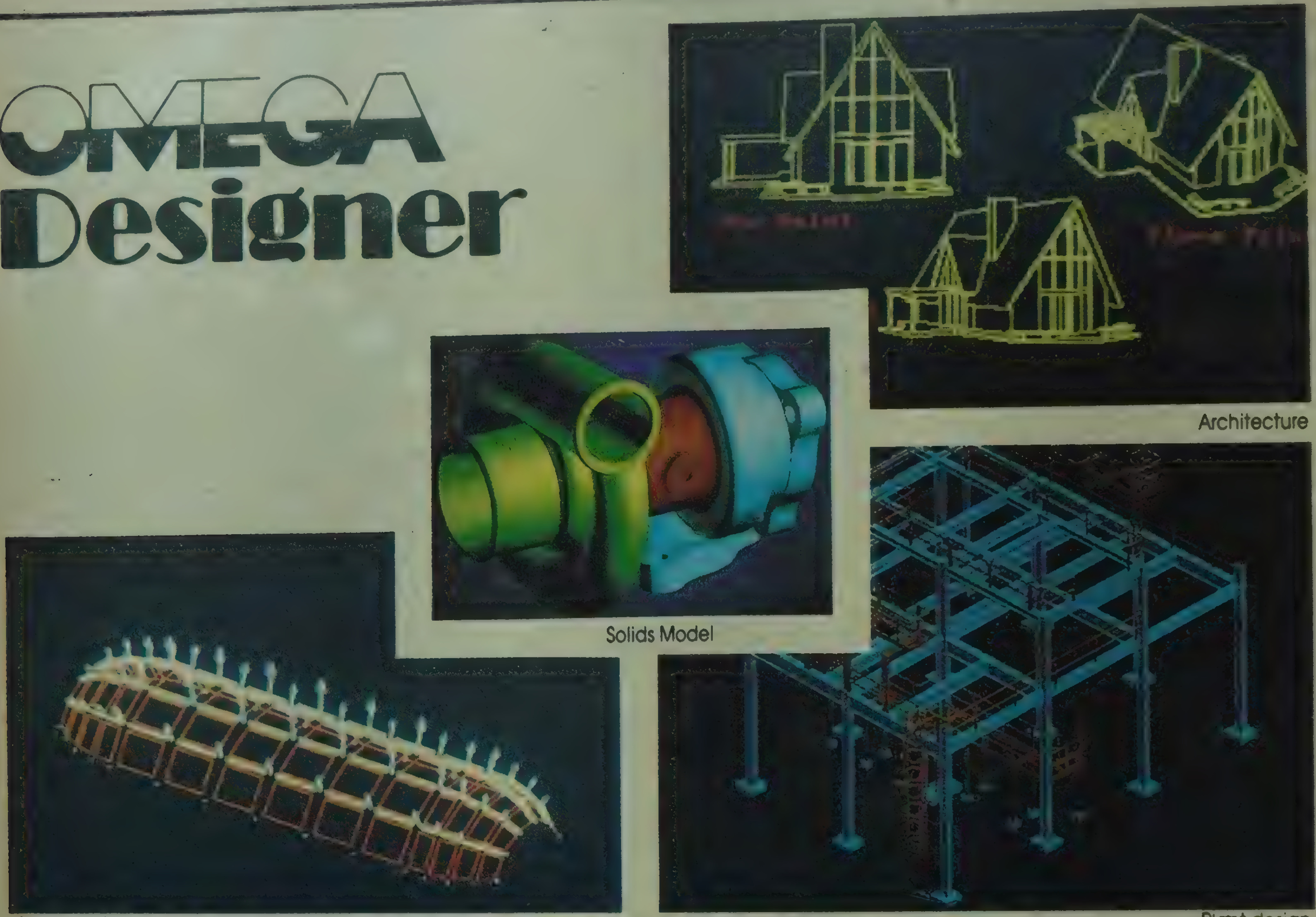

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Government by Jaswant Singh

The collapse

With Arun Singh's resignation from the government, the premiership of Rajiv Gandhi dies morally, its executive effectiveness finished. From the day V. P. Singh resigned as defence minister and began his crusade, the prime minister vitally needed to draw in his defences, buttressing them with all the remaining worthies in his team; instead he goes and lops off his right arm.

The paralysis of thought that currently afflicts Delhi is frightening. Having expelled colleagues that earlier lent his government substance, to a correspondent's just request for comments, our worthy prime minister feigns nonchalant ignorance: "What expulsions?".... "Ah! those," and waves the disturbing thought languidly away, hand lathered in overwhelming Italian perfume. Surely, this cannot be inadvertent incompetence; it is congenital. The hapless Moopanar is asked to parrot out one evening: "V. P. Singh's resignation, being conditional, has not been accepted." Just twenty four hours later he is "expelled" for anti-party activities. Which party? What activities?

At the time of writing, with publication almost ten days away, I have no confidence that events shall not overtake these coments. The current in-joke in Delhi is, "Who will unfurl the national flag at the Red Fort on 15 August?" And to think that elementary commonsense was all that was needed. A timely, effective and honest spiking of Bofors would have done it. Take but two aspects of this infamous deal.

On 16 April, Swedish Radio had announced in its broadcast that some payments had been made by Bofors to parties connected with India for the contract. Rightly enough, the defence ministry immediately requested the government to instruct our Mission in Sweden that the facts be established and Bofors be asked to clarify. Parliament was in session, Fairfax and HDW already haunted our government.

In response, Bofors on 22 April, made available to our Ambassador in Stockholm, a communication which in effect said that payments amounting to 2-3 per cent of the total contract value of $1.3 billion had been paid as some kind of winding up fees. This information was available to our prime minister the very next day. Despite this, consistently and perversely, he withheld it both from the Parliament and the nation. All through this murky episode our government was acting in three different unconnected strands: Our prime minister's office directly with its Swedish counterpart, our ministry of external affairs with the Swedish foreign office; our ministry of defence with Bofors — and all three were saying different things at the same time. Sweden, in any case, bored with all this needless furore about commissions, got the appropriate message: the Indian prime minister is stalling for time, he does not want the facts.

Take the second instance. Around 6 June, our government finally, in the wake of disclosures by the Swedish National Audit Bureau, announced the setting up of a Parliamentary enquiry. A wholly unconvincing and unnecessary step. Enquire into what? Even as a delaying cover-up, it totally lacked credibility. The fact of payments had already been established, all that remained were necessary details from Bofors, which until then they were perfectly willing to furnish.

The belated actions amount to nothing. A collapse of Rajiv Gandhi's government has already occurred; what we are now witnessing is but the dust and noise of crashing masonry

The simple point being that where there is a crime there has to be a criminal. Therefore, our prime minister, in his zeal to catch the criminal, announced that the contract was not going to be cancelled. Having taken the bite out of his bark, he then thundred, "Bofors have fifteen days in which to give the information." They, Bofors, being peddlars of wares, did exactly that.

By the beginning of July, their representative was in Delhi — but still unsure about what exactly is it that India wants. He met with the officials of the ministry of defence on Friday, 3 July, with the information that though he himself was not authorised to divulge names, his seniors in Stockholm were perfectly willing to fly to Delhi, at short notice, to do the needful. The ministry of defence, thereupon, asked that these Bofors officials reach Delhi no later than Monday, 6 July for which date, even a tentative meeting was scheduled.

On Saturday, 4 July the prime minister returned from the Soviet Union to countermand the instructions of the defence ministry. Admittedly, he was within his executive rights to do so, but not whilst simultaneously claiming the occupancy of moral high ground. Some reports suggest an unbelievable pronouncement by the Cabinet committee on political affairs, "that disclosure of names at this stage would not be in public interest."

That, consequently, a man of honour and integrity like Arun Singh had unhappily to tender his resignation was inevitable. That he is not one of the expelled or a potential rebel is, of course, patent. What is unforgivably perfidious is that the prime minister's office should have released suggestive news to the effect that this competent minister's resignation is part of the 'clean-up operation' (sic)!

That is why I call the present state of affairs as the collapse of Rajiv Gandhi's premiership. It is not important when the Congress finally splits or how. There are significant differences from similar earlier splits of Mrs. Gandhi's reign. They were always from the top and centrally inspired.

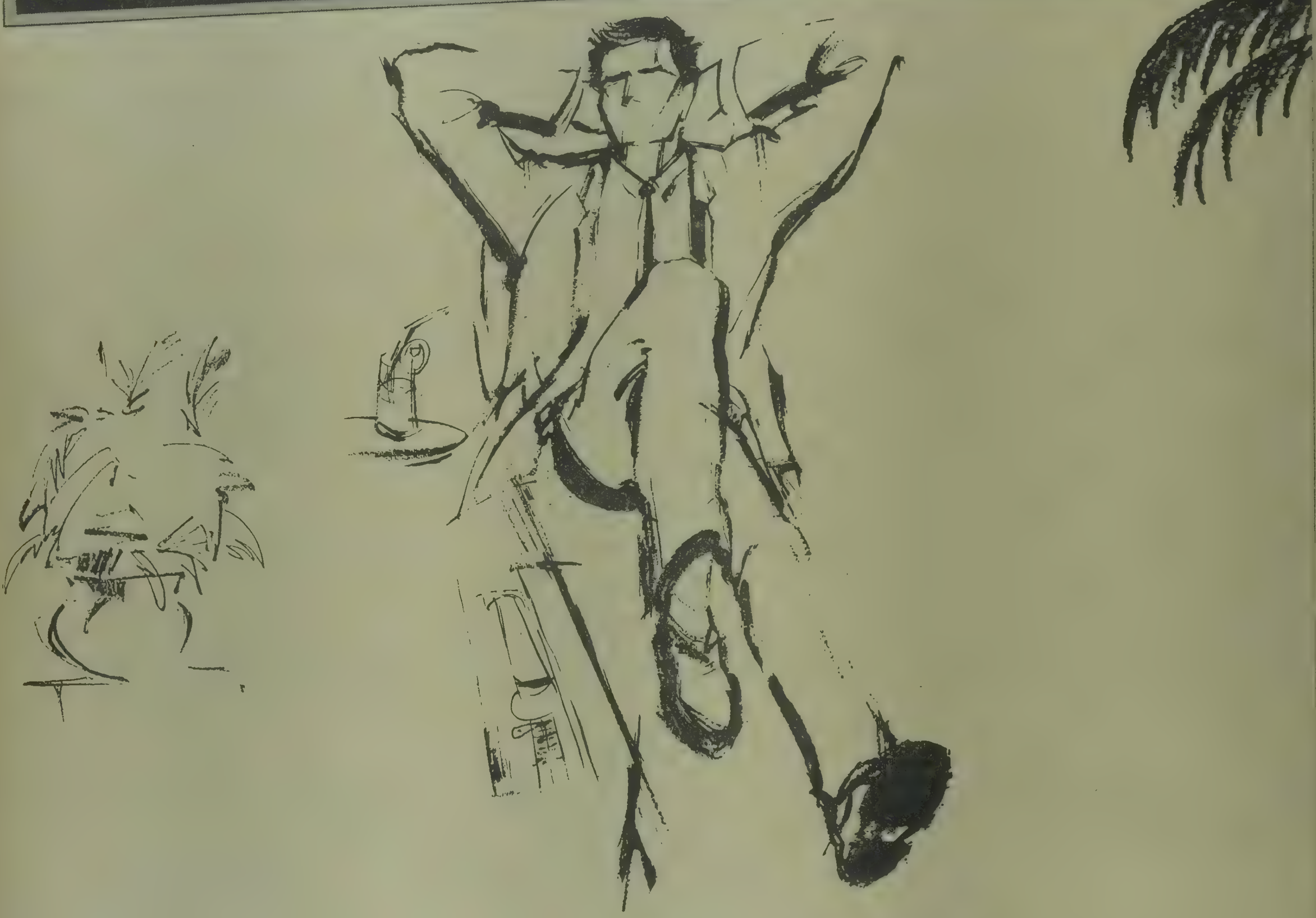
This time round the disintegration would start from the periphery; states like Orissa, Uttar Pradesh, Maharashtra and others. Mrs. Gandhi always engineered splits, having gathered public opinion in her favour, and with public imagination and sympathy as her invaluable allies. Her unworthy successor is attempting to fight a rear-guard action, when entire India has already judged him as incompetent, untrustworthy and as personally responsible.

Finally, what is of crucial importance is to recognise that the 'strategic heights of ideas,' which are currently inspiring the Indian people, are in the possession of V. P. Singh. It is he who has captured public imagination, and now after his formal expulsion, he has waves of public sympathy guarding him. The more Rajiv attacks this bastion the greater the reactive public defence: and what is worse, Gandhi's forces are mercenaries, their flanks lying wide open to moral attrition.

That is why these belated enquiries into Bachchan, the resignations etc amount to nothing. A collapse of Rajiv Gandhi's government has already occurred; what we are now witnessing is but the dust and noise of crashing masonry. ☐

Jaswant Singh's fortnightly column, which was interrupted since he has been away for a few weeks, is being resumed from this issue.

This hot shot executive is a cool customer



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HLRS 1ST

It's touch and go

Gandhi: a crescendo of troubles

Punters in New Delhi give the prime minister six weeks. If he lasts that long, they bet, he could well reign for eleven years. But it's going to be touch and go.

Gandhi has never ever been so beleaguered in the two and a half years he has been in office. Allegations of corruption have reached a crescendo; cabinet collegues are deserting him; friends stand poised to flee. The opposition, traditionally in permanent disarray, seems to have found common cause. All in all, a situation of grave and sinister proportions that engenders consternation and sometimes panic.

Some of the Rajiv coterie's reactions are unbelievably naive: the disinformation campaign against loyal Arun Singh, the cover-up operation about not engineering changes of chief ministers in UP and Maharashtra. Others are sane but are definitely too few and too late. Witness the probe on Ajitabh, the parliamentary committee on Bofors and the hints of firm action against party dissidents.

Confused or pusillanimous, the Rajiv reaction will decide the future of the current government. But the actions Rajiv takes to tide over this crisis and get back into control will decide more than the future of this government.

In some senses though, some of the changes that have taken place seem permanent. With Arun Nehru's expulsion and the severe tarnishing of Gandhi's clean image, the dynastic rule of India's first family may be ending. While this may be the end of an era, it could also be the dawn of new beginnings.

Will V. P. Singh emerge as the new messiah? He well may. But once again the euphoria he is generating — amongst people and among parties — may be as ephemeral as the halo the same masses created around Gandhi when he was swept to power.

It is all a question of hope; of hopes that are so strongly felt that the masses hurry to crown their new hero before the last one has fallen. So people are now attributing every possible virtue to V. P. Singh. They see him as possessing crafty state craft, lily white virtue, economic wisdom, and national appeal.

But one thing is certain. Just as Rajiv Gandhi was weighed down with the hopes of an entire nation clamouring for change, V. P. Singh's triumphant exit from the Congress carries the same burdensome baggage. When Rajiv tried to liberalise, the vested interests of business fettered his power; when he wanted to clean up, the pay-off scandals surfaced; when he promised to neutralise party power brokers, they became his only allies; when he attempted to champion non-alignment, the destabilisation forces wreaked their havoc.

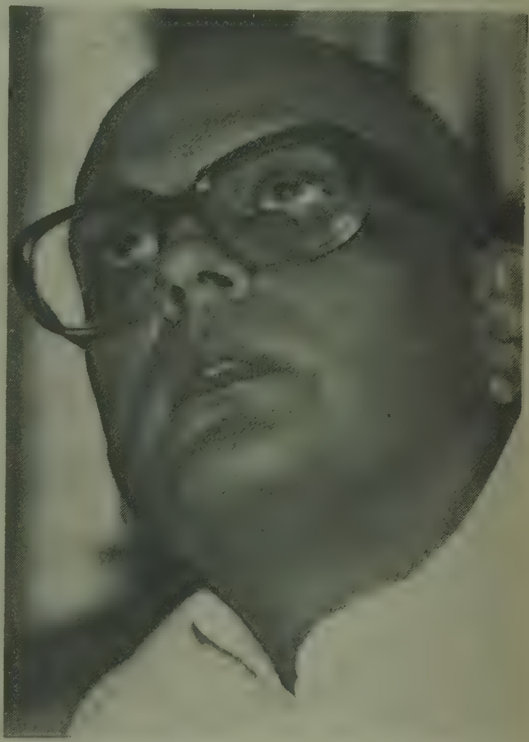
So in the short span of half a term, Rajiv's ambitious plans seem to have been set at naught. He is today almost back to square one.

Only, this time, cheek by jowl with him. Sharing square one, is V. P. Singh. And the game seems ready to begin once again. As the monsoon session begins today, one crucial element will have changed. Zail Singh will have been replaced as president by R. Venkataraman. Thus an "activist" president acting partly from the pique of being insultingly ignored and partly in the hope of coercing another term for himself, will have gone. The government has probably never had more nervous moments and it probably feels that any other president will be a better bet.

With a new president in place, the current combatants — for that is what they really are despite mild protestations to the contrary till recently — will have the battlefield of Parliament to begin war. The campaign, such as it is, will also be on in some state legislatures, notably UP, Bihar, Maharashtra and Orissa.

Singh's weapons this time round are: a crusading spirit that lays exclusive claim to cleanliness; an attitude of renunciation of party, of power, of the trappings of office; a willingness to accept a broad spectrum of allies; a plateful of platitudes — on poverty, on terms of trade between agriculture and industry, and other such notions of abiding appeal to the Indian masses.

Arrayed against this, Gandhi seems pitifully equipped — a decimated cabinet; a party that is demoralised by defeats in Bengal, Haryana and Kerala; allegations of corruption close to home; and substantial evidence of a weak will. But he does have, on his side, a parliamentary majority bound hand and foot by an anti-defection bill, the awesome power of the office he holds, his family name, the fact that his ideas still seem to excite enthusiasm, some good advisers, and the tacit support of his Soviet big brother.



HARSH MAN RAI

Singh: the new messiah?

Available signals suggest that the prime minister is about to revamp his entire team, re-strategise his moves, and cut his losses and get back in control of the party — all in a style that is his own, rather than one imposed because it seems more "acceptable" but which he unwittingly goofs up on. There are even hopes that he may do some major act that will once again win back the confidence and backing of the nation.

As for Singh, one gathers that he hopes to evolve an ideology, develop an organisational framework and wait to launch a nationwide movement.

But, whatever happens, this much is certain — given this massive upheaval, (the allegations, the resignations, the scandals, the departures and the realignments) new beginnings are around the corner.

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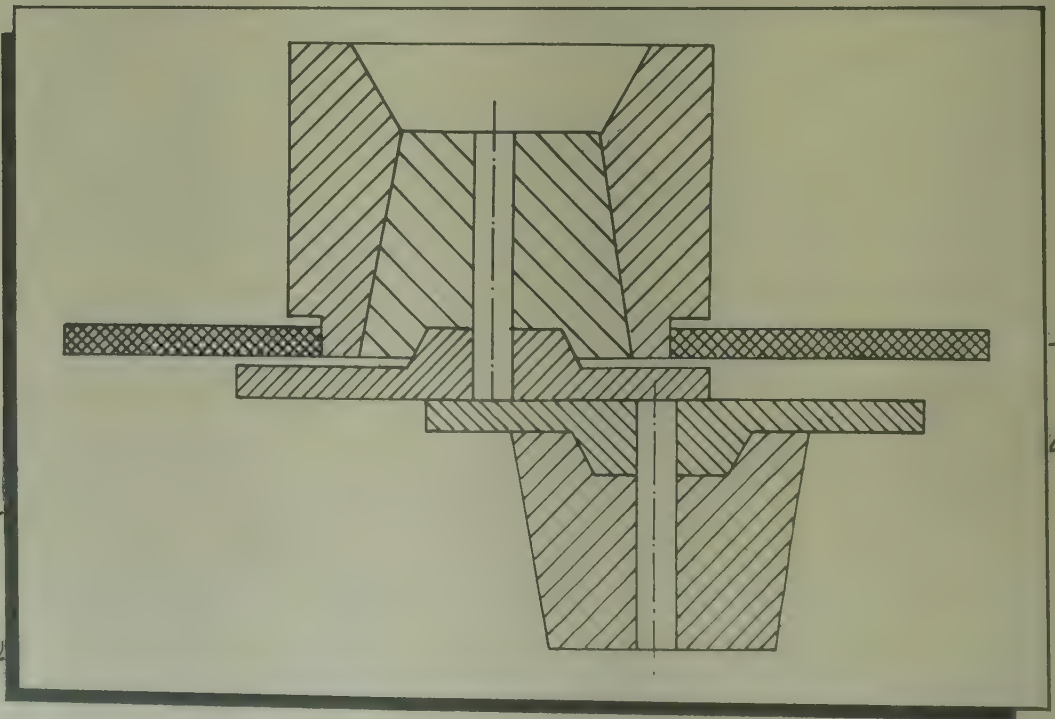

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TRL 8/29

Overview by Romesh Thapar

A warning from Latin America

We are now borrowing furiously to service our accumulated foreign debt. The debt is around Rs 25.000 crores and the "basket" of interest charges annually is some Rs 1,250 crores. This is nowhere near the awesome situation faced by a number of Latin American countries because our much-abused control system has protected us against the marauding activities of those who keep feeding undeclared deposits to foreign banks. But we have cause to worry.

Whatever words we use to describe the present global economic scene, it is fairly clear from the visible signs that we are entered upon a second colonial era — somewhat different from that of Africa where France and Germany are taking over. The process needs recounting.

Aid under various labels has been pushed to the southern hemisphere through the pseudo-intellectual frameworks of the International Monetary Fund and the World Bank, frameworks sketched by a number of well-respected economists. The familiar "conditionality", or package of measures required to revive a national economy, has been designed to assist this colonisation.

> **Our much-abused control system has protected us against those who keep feeding undeclared deposits to foreign banks. But we have cause to worry. Whatever words we use to describe the present global economic scene. It is fairly clear from the visible signs that we have entered upon a second colonial era**

Invariably, the package has been repeated irrespective of the country or its specific problems. Always, the stress has been on "exports", and on the need to devalue the national currency in the drive for "competitiveness" — yes, even in near monopoly traditional exports. These policies, favouring in fact the so-called aid-givers, have naturally been dressed up to disguise their exact purpose.

Devalued, or rather raped, currencies persuaded rich elites in these countries to transfer their funds to more stable areas, using fair means or foul. This development further damaged the economic viability of those countries at the receiving end of so-called aid.

We are familiar with the panicky situations where a number of governments found it impossible to service their debts and even threatened to dishonour them. The world was flooded with economic analysis to show how much a gambit by the debtor nations would bankrupt leading banks and create a global crisis.

All manner of salvage operations have been pushed at various levels, but the latest stratagem is more than revealing. Believe it or not, the debts of these nations are sought to be turned into equity. In other words, national infrastructures of industry and commerce are being taken over by the creditors. Mexico and Brazil lead the way.

It will be argued that the creditors are coming to the assistance of the debtors. What will never be mentioned is that in terms of international economics a second colonialism is under way. Anyone who mentions this aspect of the changing scene will be dubbed a mischief-maker.

Clearly, if this second colonialism is to be exposed for what it is, it will be necessary to analyse the trading data between the developed and developing world. So many of the myths of trade and aid need wide exposure. It is fairly clear that what is given is recouped in various ways, even exceeded. The impoverishment of the southern hemisphere continues unabated — and, ultimately, with dire consequences to the global economy.

A study of the Indian situation is only too revealing. The rupee has been drastically devalued in the so-called "basket of currencies". Instead of a clear-cut announcement to that effect, which is considered politically explosive, a quiet decline from month to month has taken over. The invocation to export remains theoretical, for new types of products are certainly not sought from our messy industrial base. As the foreign debt piles up, and with it interest charges, the thrust as in Latin America to convert to US held equity could develop. And then, suddenly, the truth will dawn.

> **The process needs recounting. Aid under various labels has been pushed to the southern hemisphere through the frameworks of the International Monetary Fund. The familiar "conditionality", or package of measures required to revive a national economy, has been designed to assist this colonisation**

The foreign debt will escalate dangerously if we continue our wasteful investments in all types of consumerism which we avoided in the first three decades of our development. Various sectors of the economy need technological modernisation, but in our familiar lazy fashion we are postponing a strict exercise on priorities.

What's more, the spending on armaments has to be controlled. The lack of civilian expertise on defence matters, and a faltering political leadership, encourages the military chiefs to push demands which are bankrupting the country. The notion that without these inputs national security is jeopardised also requires proper scrutiny. When we view the history of so many explosive situations, we see the parallelism in military growth and devalued currencies. So much of the junk of the world is dumped in our countries in response to our desire to match whatever armament enters the region. This framework of thinking will have to undergo change, for it opens us up to a kind of blackmail that is difficult to resist, particularly when we are in the grip of those who wish to diversify our sources of supply. There are too many corrupt lobbies at work to allow for a sustained and creative debate on a *detente* in our part of the world. Only through such a disengagement can we emerge into a more secure financial situation. But, alas, we seem singularly inept in producing these healthy momentums.

It is best to make ourselves sensitive to potential "debt traps". After all, at the moment, we grow largely on our own savings. But these situations are known to change with surprising speed, and can defy remedial action. ☐

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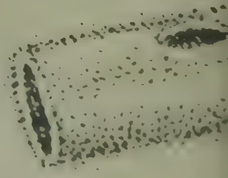

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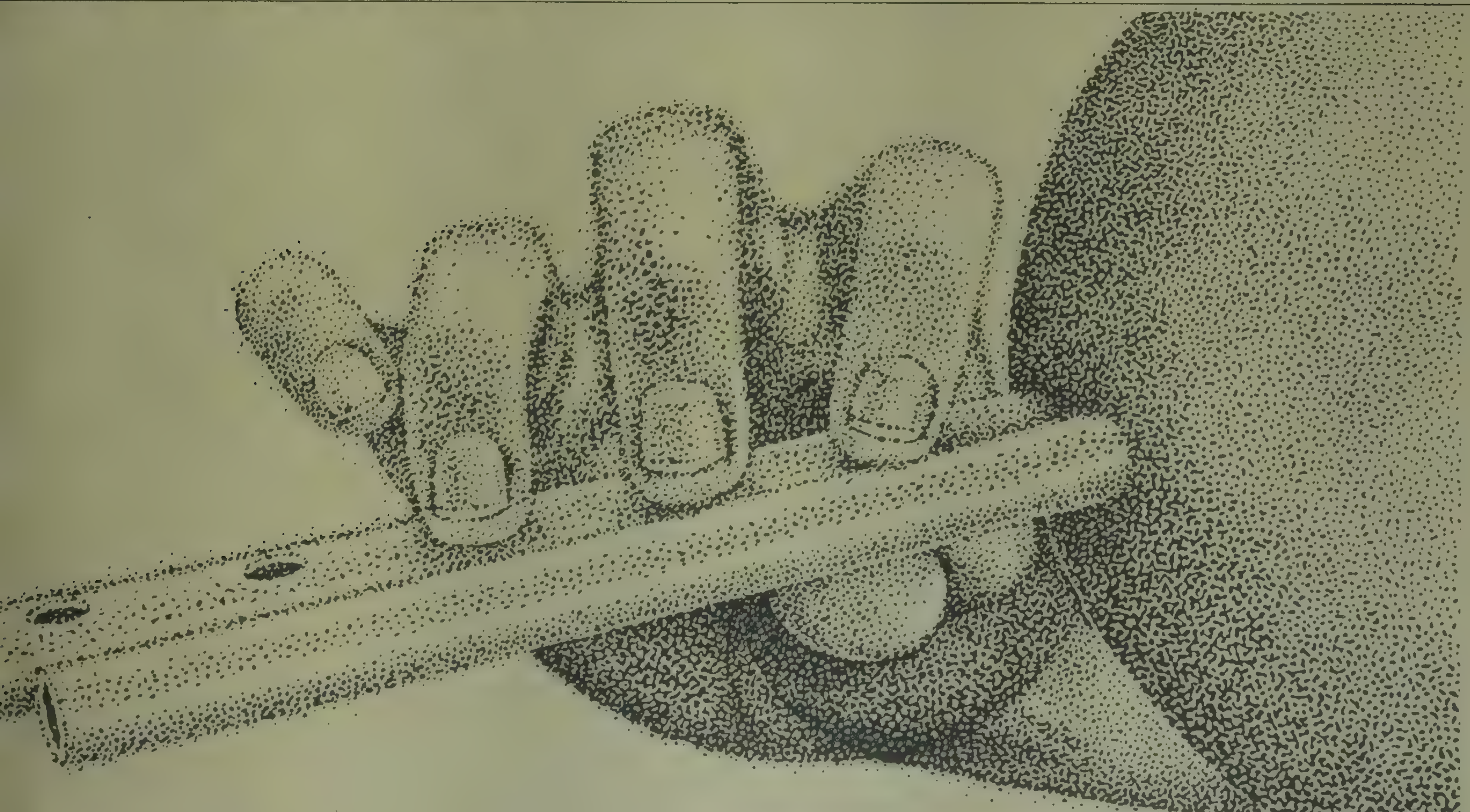
a strange attitude when dealing with their customers.



Nexus/BW/29

Eclipse of the Sarabhais

Cali-coup

In 1982, Calico, the flagship company of the Sarabhai group, skipped payment of dividend for the first time in a hundred years. Since then, the company's position has steadily deteriorated. On 4 July, this year the financial institutions and the Gujarat government took over the company. Can they turn it around?

Raza: "our aim is to protect jobs"

On 4 July, the illustrious Sarabhai family of Ahmedabad lost the jewel in its crown. The management of the ailing Ahmedabad Manufacturing and Calico Printing Company Ltd, or Calico as it is popularly referred to, is now firmly in the hands of the financial institutions. A week earlier, on 28 June, Gautam Sarabhai, family patriarch and executive chairman of Calico, decided to step down, stating that his "mission was accomplished" and the company would soon be able to function at full capacity as the financial institutions had cleared the Rs 38-crore rehabilitation package.

There are several strings attached to the loan package, the most important being management control. The Calico board has been revamped totally and the financial institutions led by ICICI and the State Bank of India have a majority presence. Gautam Sarabhai's exit was followed by the resignations of four of his nominees — G. R. Mehta, S. P. Mehta, R. A. Shah and M. N. Parikh. In their place have come two representatives of the State Bank of India — L. G. Kulkarni, chief general manager, Ahmedabad circle, and C. L. Aggarwal, chief manager, now deputed finance director of Calico. The Gujarat government, which has played a significant role in the change-over by providing a "counter guarantee" to the loan package, nominated Moosa Raza, chief executive of Gujarat State Fertilisers Company Ltd (GSFC), as non-executive chairman. However, there are two survivors from the Sarabhai era — C. K. Parikh and Jamshed Guzder; the former is continuing as managing director.

Calico, which has always been projected as the flagship of the Sarabhai group, is today a mere shell of the company it once was. Since 1983, when it skipped payment of dividend for the first time in its hundred-year existence, the company has accumulated losses of Rs 23 crores. Borrowings have increased substantially to Rs 70 crores and the company has not been able to service these loans. Each day, Calico's Ahmedabad office is virtually besieged by suppliers demanding settlement of long-overdue bills. Fixed deposit and debenture holders are not far behind — interest payments were suspended in 1983. Calico's plants have been functioning at barely 30 per cent capacity. The company's former directors have consistently maintained that "inadequate working capital" from banks is primarily responsible for the sorry state of affairs. The directors' report for 1984 clearly states that "had adequate funds been made available in time, performance of the company and its subsidiaries would have been considerably better"

However, the financial institutions do not agree with this assessment. They feel that "short term solutions" like providing additional working capital would not have contributed to the company's revival. Says L. G. Kulkarni of SBI, which has an exposure of Rs 38 crores in Calico, "We felt that the rehabilitation package would fail if the management of the company was not revamped. The institutions were also seeking a viable long term solution; we are never satisfied with a short term approach." And the Gujarat government, concerned about the political fallout from the closure of Calico (it employs 15,000 workers), was swift in providing guarantees to the financial institutions. According to Calico's newly appointed chairman Moosa Raza, the protection of employment was the government's principal objective. "Though Calico's financial position is not encouraging, it is still a viable unit. Our aim is to protect jobs and put the mill back on its feet," he says.

What all this effectively means is that the financial institutions were no longer confident of Gautam Sarabhai's managerial capabilities and decided to do the job themselves. For the Sarabhai group, which was once ranked as the fifth largest business house in the country and widely acknowledged for its innovativeness, this comes as a scathing indictment indeed.

The decline of the Sarabhais can be attributed to several factors. For one thing, the family devoted far too much time juggling income tax returns. For another, the family's disputes precluded effective management of their companies. Gautam Sarabhai's nephews, Suhrid and Karthikeya, who were asked to step down from Calico in 1982, have been completely sidelined, leaving a vacuum at the top.

In addition to Calico's accumulated losses, another company in the group, Ambalal Sarabhai Enterprises (ASE), is showing similar symptoms. The major reorganisation worked out in 1980 by merging as many as 85 private limited companies to form ASE has proved to be an unmitigated disaster. In order to save the company, another exercise is being undertaken, which will split ASE into three separate entities.

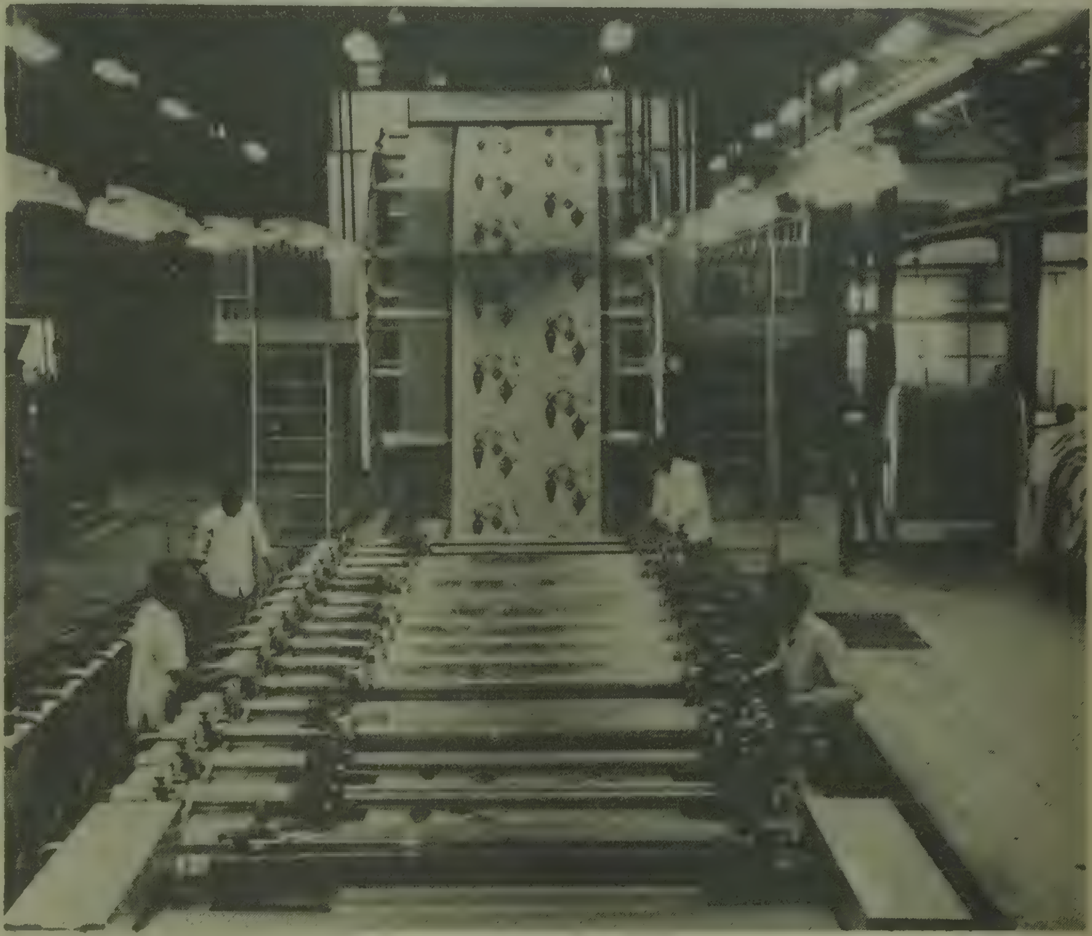
Meanwhile, divisions and real estate are being sold to generate much needed working capital. As one informed observer summed it up, "By early next year, when the assets of the family are distributed *in specie* among various members, that will be the end of the Sarabhai group."

It must be said to the credit of the Sarabhais that until the late seventies, Calico was an extremely profitable operation. Having one of the largest composite mills in the country, the Sarabhais, like other business groups, deployed the surplus funds generated from the textile operations into even more profitable avenues.

The problems that the company is facing today are a direct result of these investment decisions. While the textile division was starved of funds, Calico established a chemicals and plastics division at Chembur in Bombay during the late fifties. The Rs 13 crores received as compensation for the nationalisation of the Bank of India in 1969 went into a PSF plant at Baroda. Much later, when both these divisions went under — the chemicals operations turned unprofitable because of a hike in the power tariff and the PSF plant was destroyed in a fire in 1982 — the textile business could not compensate for these losses. According to Suhrid Sarabhai, who was chairman of the company between 1977 to 1982, the emphasis during his tenure was textile modernisation. "We wanted to make our bread and butter business into a sound proposition. By then it was becoming obvious that the Bombay chemicals division was becoming a burden on the company."

During Suhrid Sarabhai's tenure, nearly 40 per cent of Calico's sales came from textiles. The synthetic fibres plant at Baroda contributed 20 per cent and the chemicals and plastics division approximately 18 per cent. Calico had three fully integrated textile units, a process house and a unit to manufacture PVC leather cloth in Bangalore. In 1978-79, on sales of Rs 129 crores, the company reported a healthy pre-tax profit of Rs 9.69 crores.

But a complacent Calico was unable to anticipate the structural changes taking place in the textile industry. Powerlooms, with sweeping excise benefits and low overheads, were becoming a potent force. The recesson in demand in the textile market (between 1979 and 1982) and the 18-month textile strike in Bombay drove the last nail into the coffin. Considering that Calico was a well diversified company, it was in an advantageous position to cope with difficulties. However, the company failed to rise to the occasion.



A moneyspinner a few years ago, a financial burden now

The Maharashtra government raised the power tariff substantially and the operations of the Bombay chemicals division was seriously affected. According to a former director of Calico, the cost of power was crucial to the economies of the chemicals division. "Twenty years ago, the price of electricity was five paise a unit. By 1980, it had become 70 paise and the unit was limping along. The caustic soda unit could not compete with other manufacturers because of the enormous price differential. And demand for chlorine and hydrochloric acid slumped because of the textile strike." The Bombay chemicals division received another setback in 1981 when the workers responded to a strike call by Datta Samant, who led the company's union. The strike lasted 10 months and Calico estimates that the company lost Rs 8 crores during 1980-81. However, the polyester staple fibre plant was a money spinner and the company was able to make it to the dividend list that year.

This obviously did not impress Gautam Sarabhai, who had just emerged from conducting a major reorganisation exercise at Ambalal Sarabhai Enterprises. ASE became the second company in the Sarabhai group to go public. This was significant in many ways. Vikram Sarabhai's philosophy, which Gautam also subscribed to, was to ensure family control at all costs. The nature of the Sarabhai investments in the sixties bears this out. Several private limited companies in high technology areas like pharmaceuticals and electronics were promoted during this period. All projects required a low capital investment and ensured family control over the enterprise. Foreign collaborators like E. Merck, Ciba Geigy and Squibb, who were partners in these projects, had a 49 per cent equity stake, while the controlling interest of the Sarabhais was held by several investment trusts.

The Sarabhais, like other business groups, were not keen on embarking on capital intensive projects because they had to necessarily depend on financial institutions for funds. And conversion clauses in loan agreements would

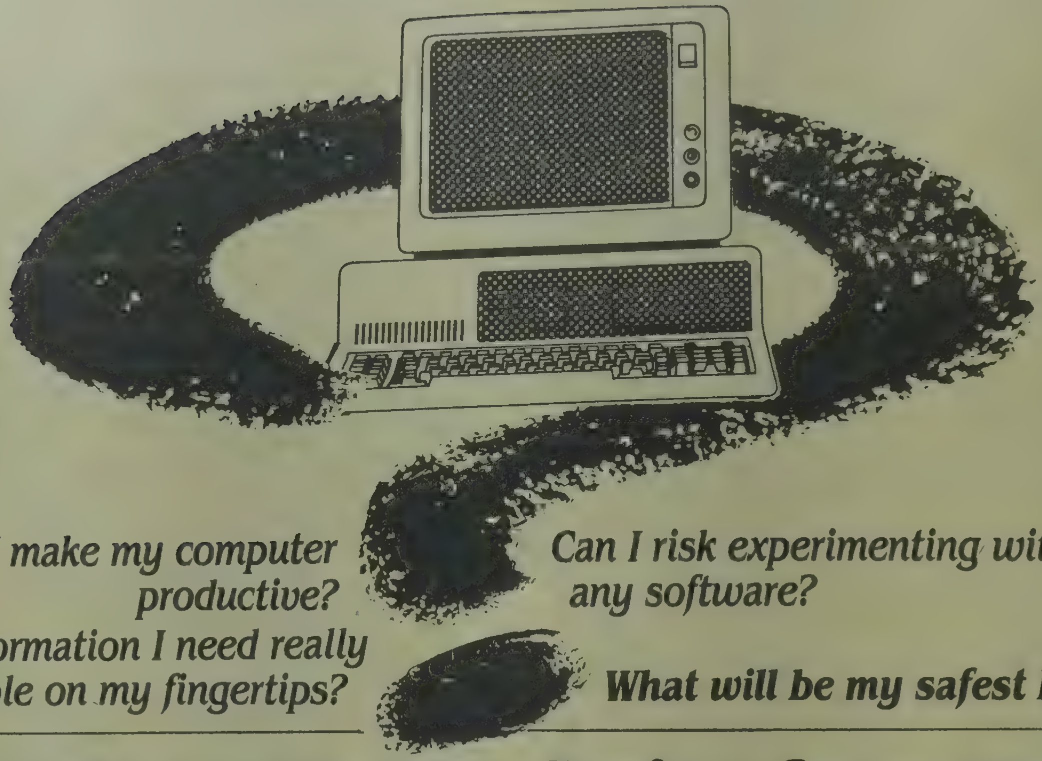
A six year decline

(Rs crores)

	1986	1985	1984	1983*	1982	1981
Sales	73.19	68.33	86.84	160.14	167.09	136.78
Interest	7.96	7.53	6.84	13.42	3.38	2.78
Depreciation	4.10	4.08	3.68	0.29	3.01	3.41
Pre-tax profit/(loss)	(8.08)	(10.18)	0.08	(4.42)	1.04	0.11
Tax	—	—	—	—	—	—
Net profit/(loss)	(7.53)	(10.17)	0.04	(6.17)	1.04	0.11
Equity capital	13.85	13.85	13.85	13.48**	9.46	9.46
Reserves	22.74	27.48	29.95	32.39	11.37	11.67
Loans	78.49	71.51	64.09	57.03**	53.13	48.78
Net fixed assets	50.49	54.65	50.70	51.72	29.36	26.64
Dividend	—	—	—	—	18.00	18.00

** Accounts are for 15 months*

*** Assets were revalued during the year*



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dilute the holding of the family. Says a longtime observer of the Sarabhai family, "The Sarabhais wanted diversification without losing control, which was just not possible. There were pressures on cash in all the companies because the only source was internal generation."

This philosophy was reversed in the midseventies when Gautam Sarabhai wanted to give easy liquidity to members of the family. He proposed that the private companies in the group should be merged into a single entity which would offer 60 per cent of its equity to the public. Suhrid and Kartikeya were bitterly opposed to the merger move but they were in a minority. An unofficial split in the family had taken place and distribution of assets *in specie* was also proposed. Now, 10 years later, the distribution is still being worked out and the Sarabhai nephews have been sidelined completely.

After Vikram Sarabhai's death, Gautam became the family patriarch and chairman of the family trust holdings. The investment trusts have an 18 per cent stake in the equity of Calico (the financial institutions have over 30 per cent) and 40 per cent in Ambalal Sarabhai Enteprises. But Gautam, with the support of his three surviving sisters, has a clear majority of at least 55 per cent, according to observers. While he has no sons himself (he has two daughters who do not take an active part in the business), Gautam is believed to dislike his nephews and wants to keep them out of the group altogether.

Starving textiles of funds proved a costly decision

The September 1982 coup, when Gautam asked Suhrid, Karthikeya and three working directors to leave, was only possible due to this clear majority. "Alarmed" at Calico's declining performance, Gautam held out threats that he was contemplating an outright sale of the company. The ploy worked and on 1 October 1982, Gautam Sarabhai took over as executive chairman of the company.

Saddled with its Bombay chemicals division, Calico was not exactly in the pink of health at the time. But Gautam's five years at the helm precipitated a virtual takeover by the financial institutions, and he leaves behind a company in a shambles. External factors, such as the 1982 fire at the PSF plant in Baroda, did contribute to the company's mounting losses. The PSF market itself was facing a pressure on margins due to unrestricted imports under OGL. But a cross section of retired Calico executives interviewed by *Business India* feels that these were only temporary setbacks and ultimately it was poor management that let the company down. According to one executive, Calico had Rs 20 crores in cash before Gautam took charge — Rs 15 crores was raised through convertible debentures from banks and financial institutions. Calico had a major liability of Rs 10 crores which had to be paid to shareholders of the Bank of India Ltd. After the BOI merger, these shareholders were given bonds that were to be redeemed in 1983. Says the executive, "All these people are still waiting in line for payments. So are fixed deposit holders and suppliers; in addition, there are electricity and excise dues."

Another executive, responding to Gautam Sarabhai's defence that he had inherited a losing company, says that though Calico reported a modest profit of Rs 1.04 crores in 1982, during the next three years it made an unprecedented loss of Rs 23 crores. "The net worth of the company has been depleted. Gautam stepped into a substantially changed environment in 1982. He was used to the easygoing days of the sixties and seventies."

What was Gautam Sarabhai's turnaround strategy? Was it flawed from the beginning due to poor management and questionable financial practices? The annual report of Calico for 1982-83 is a good starting point to understand the strategy. In a major restructuring exercise, Calico was reduced to half its size, both in terms of assets and sales. Several loss-making divisions were transferred to subsidiaries at a consideration.

- The chemicals and plastics division in Bombay was sold to ILAC, a trading subsidiary, for Rs 6.31 crores. The fixed assets of the division were Rs 4.48 crores but the plant was shut down in 1981. Calico owned the entire share capital of ILAC amounting to Rs 10 lakhs.
- The Jubilee Mills, located at Ahmedabad, was sold to another subsidiary, Gujarat Nets, for Rs 4.19 crores. The fixed assets of Jubilee Mills was Rs 2.11 crores and Calico owned the entire share capital of Rs 10 lakhs in Gujarat Nets.
- The Kalol Mills was sold to Rajindra Dyeing, the company's processing subsidiary, for Rs 1.14 crores. Rajindra Dyeing was wholly owned by Calico and the company was reporting losses consistently.

The consideration which Calico was to receive for the sale was Rs 11.64 crores and it is still listed as "amounts due from subsidiaries" in the balance sheet. The new management hoped that by transferring loss making divisions and retaining the viable ones, the company would be in a better position to obtain funds from financial institutions. At that stage, Calico was left with the PSF plant, one textile unit at Ahmedabad and a small chemicals unit. At a later date, it was hoped that the loss making subsidiaries would be sold to generate funds for Calico.

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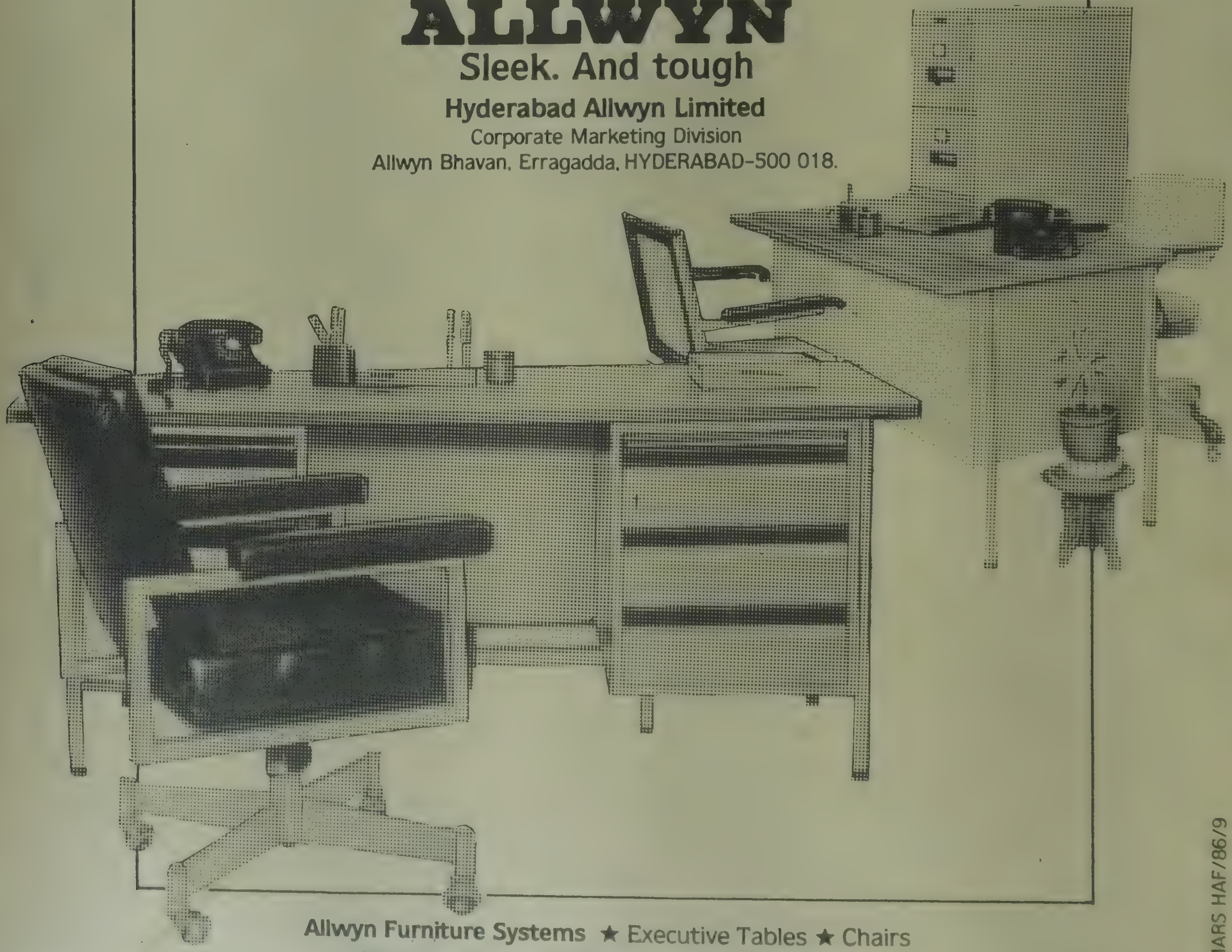

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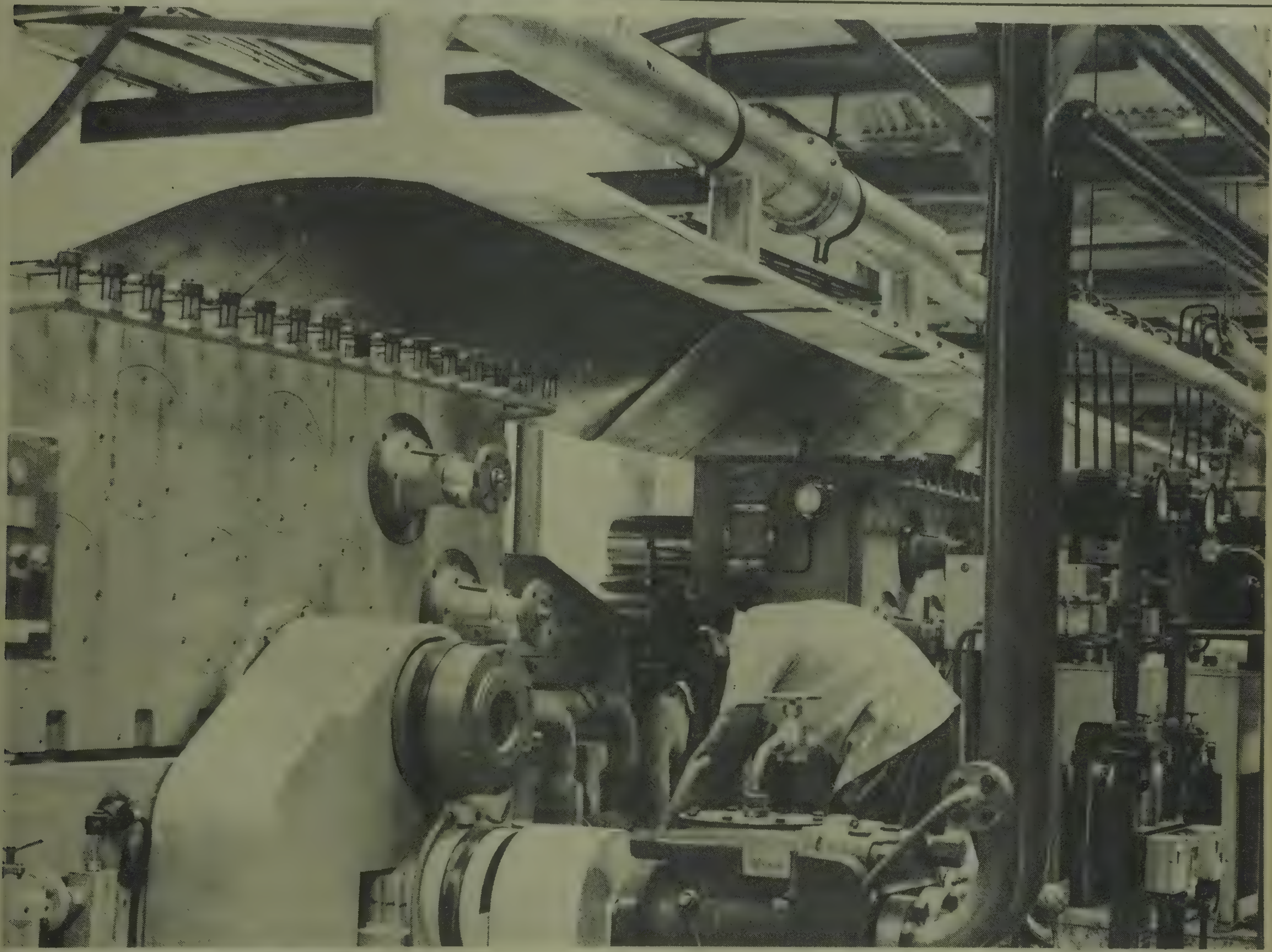


PSF plant at Baroda: price realisation is falling

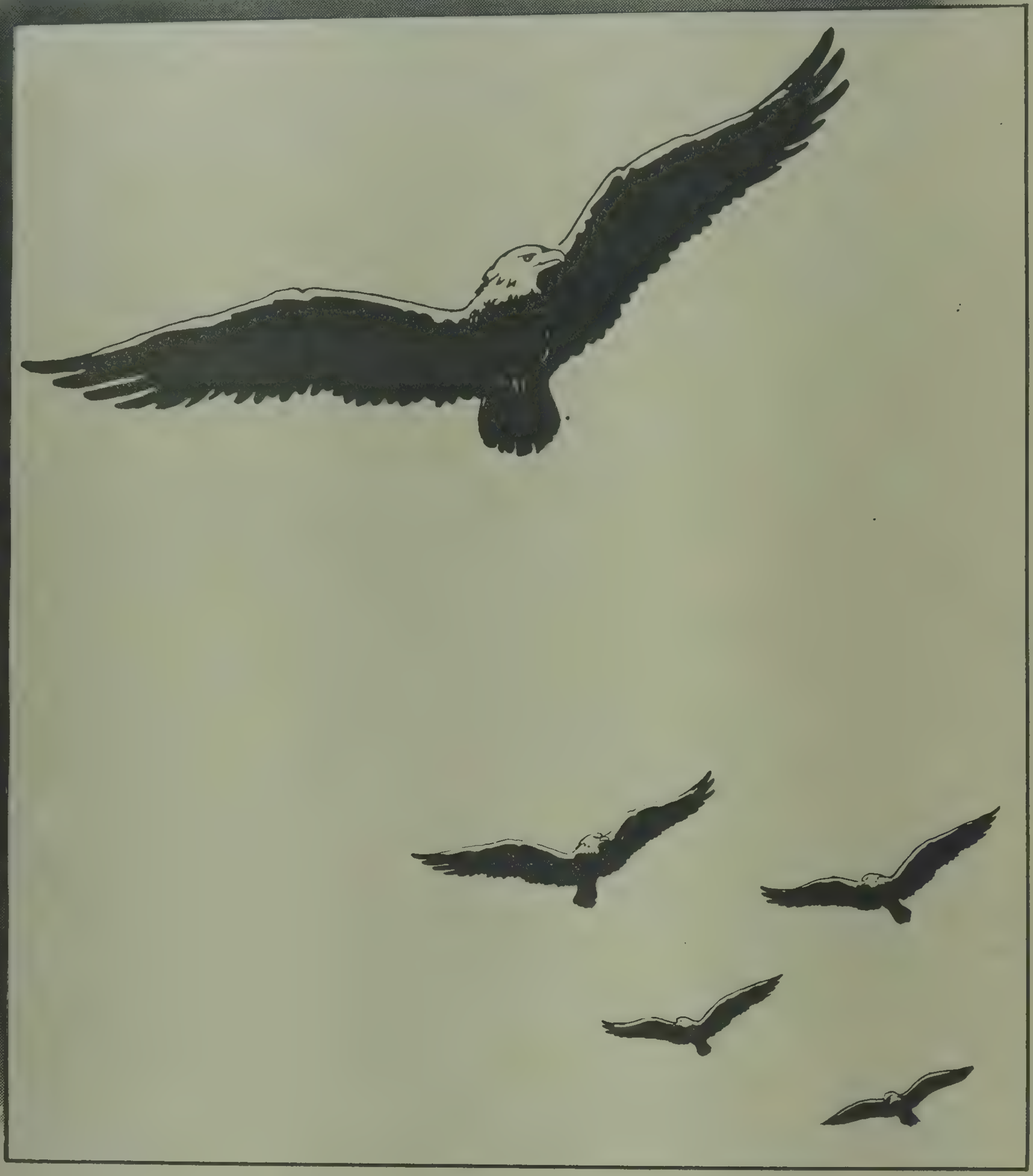
While this strategy appeared to be viable on paper, Calico was not able to implement it for various reasons. Applications made to financial institutions in December 1983 for working capital loans were kept "on hold" as both ICICI and SBI wanted to assess the long term prospects of Calico. The company's position progressively worsened and in 1982-83 Calico reported a loss of Rs 10.14 crores on sales of Rs 160 crores. During the next year, sales were halved to Rs 84 crores because of the transfer of loss making divisions, and losses amounted to Rs 6.02 crores. Calico slipped further during the next two years and accumulated losses today stand at Rs 23 crores.

The performance of subsidiaries was no better. ILAC, which was burdened with the chemicals and plastics division, had to shut down in May 1985 after disconnection of its power supply. A few weeks later, there was a leak from a chlorine storage tank, killing one person and affecting several others. The fate of Jubilee Mills, Kalol Mills and Rajindra Dyeing hangs in the balance and these units also lined up for funds from the financial institutions.

During Suhrid Sarabhai's tenure, Calico only had three subsidiaries — ILAC, Gujarat Nets and Rajindra Dyeing — with clearly defined operations. But there appears to have been a proliferation of subsidiaries in Calico after Gautam took over and the exact nature of these operations is ambiguous. For example, Bansari Chemtex, which claims to have "set up a pool of employees to provide assistance of personnel services to other companies", reported sales of Rs 35 lakhs in 1984-85 out of which salaries absorbed Rs 32 lakhs. According to informed sources Calico's restructuring exercise was nothing but a pretext for tax planning. One observer comments, "The Sarabhais are morbidly averse to paying taxes. Loss making divisions were sold to subsidiaries at a certain price and their assets were revalued after the sale, the immediate objective being to sell these units at a higher price later and avoid payment of capital gains tax."

Another rumour making the rounds in Ahmedabad is that Gautam Sarabhai was not willing to contribute margin money to the Rs 38 crores that the financial institutions were willing to lend. He however, denies the accusation and feels that the financial institutions unnecessarily dragged their feet in clearing the package. Another director says that the delay was unpardonable. "If Calico had received the money in 1983, it would be reporting profits today." The company faced three major problems at this stage:

- Inadequate working funds which resulted in poor capacity utilisation. Credit was overstretched and the company could not demand fresh lines of credit.
- The PSF plant expansion was delayed by two years. Plant and machinery received from Zimmer for doubling capacity was held up at the Bombay docks, accumulating demurrage charges of Rs 2 crores.
- On an average, the company estimates, sales loss would work out to Rs 42 crores annually.



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Nevertheless, the financial institutions appear to have made up their mind on the issue. In May 1985, two full years after Calico approached them, the institutions established a consortium headed by ICICI. The Gujarat government was also included because it was taking an active interest in retrieving sick units. Over 12 textile mills, including Calico, were identified as needing immediate relief. As SBI's Kulkarni puts it, "Putting together a viable financial package takes a long time. We had to decide whether the management of the company needed revamping."

It is obvious that the financial institutions were hesitant about advancing Rs 38 crores to Calico and would do so only if they were assured of management control. This effectively ment that Gautam Sarabhai and his nominees had to step down. What smoothened the path of the package was the counter guarantee given by the Gujarat government. With this in the bag the financial institutions moved swiftly and agreed to advance Rs 38 crores to the company in October 1986. Says Gautam Sarabhai, "I have fulfilled my assignment and at this critical juncture, the company's interests would be best served by the directors electing the next chairman with the consensus of the financial institutions." On 30 June, he sent in his papers and ended a 47-year-old association with the company.

The task before the new Calico board, according to Moosa Raza, is to increase capacity utilisation. "My mandate from the government is to turn around the company. We are still exploring how the product mix can be changed to higher value goods and to seek additional funds." Out of the Rs 38 crores that have been advanced to Calico, the company has immediate commitments of Rs 23 crores — with electricity bills, excise dues and suppliers constituting a substantial portion of the claims. Though interest payments have been staggered until 1993, the time-table for Calico's revival is conservatively placed at five years.

The textile unit at Ahmedabad, which has a capacity of 1,300 looms and 50,000 spindles, requires urgent attention. The unit has so far turned out low value products due to pressure on working capital. However, the PSF plant is a different proposition altogether. On account of new investments, observers feel that there is overcapacity in the industry and price realisation is falling. Calico has a capacity of 15,000 tonnes of PSF whereas the minimum economic scale prescribed by the government is 30,000 tonnes.

The subsidiaries are a major burden on the company and additional assistance from the financial institutions may not be forthcoming. Calico already has to receive Rs 16 crores from these units and the money can be realised if they are sold. The market price of the Bombay chemicals division is estimated at Rs 50 crores (including land), but the Maharashtra government is holding up the clearance of sale of surplus land by other textile units.

Sewing thread division: product mix needs changing

Ultimately, the new management must be capable of restoring confidence in the company. At one stage, Calico was reputed to have the finest pool of managers in the textile business. But since 1982, several managers have resigned and those who are staying on are doing so out of sheer necessity. Superannuation and provident fund benefits are only paid to managers who retire from the organisation: those who resign stand to lose several lakhs of rupees.

During Gautam Sarabhai's tenure, the company's managers lost all sense of direction. Says one manager, "GS did not take his senior managers into confidence and nobody knew what was happening. The restructuring exercise did not work and morale declined considerably." How the financial institutions will be able to alter things remains to be seen.

Another unknown factor is whether the management of Calico will go back to the Sarabhais after the unit is revived. The financial institutions have clearly defined objectives, and this does not include active participation in the day-to-day running of companies. That they have done so in the past in companies like India Cements and KEC International is more a reflection of the promoters' poor capabilities than undue interference by the institutions. Under the Sarabhais, Calico progressively deteriorated. The financial institutions now have the opportunity to set things right.

S. N. VASUKI

V. P. SINGH

"We have to make basic changes"

Just outside V. P. Singh's room stands a model turtle. Clearly the symbol of a long-distance runner. V. P. Singh's marathon is on. The place is crowded. The house is awash with visitors. There is a sense of happening, as if the place is rapidly turning into a sort of command headquarters. The crowds keep flowing in.

It is a motley crowd. It includes, this morning (22 July 1987), a bunch of students from the IIT who want V. P. Singh to address them. It includes a labour union chief, who claims that the giant unions that control Delhi's electric supply and transport undertakings are ready to hear the call of V. P. Singh. They also come from the villages of Haryana, of eastern UP and even from far away Andhra Pradesh. They include elite Harvard trained political analysts who come to watch and stay to marvel. Singh talks to them all. Even the president of the unlikely sounding Aggarwal Association of Meerut is accorded a welcome as also some Congress leaders from Modi Nagar. The feelers from big business are beginning to worm their way in to attract notice at the durbar of the Rajasaheb. But the former finance minister of India is not easily swayed.

Quite uncharacteristically, he even refuses to give interviews. However, plagued with the worry that nobody understands him. V. P. Singh agrees finally to give what turns out to be an exclusive 35 minute interview to *Business India*. Speaking to **Dilp Cherian,** Singh said:

"I hope you will be able to explain to the business community what I stand for. There is no reason to believe that I plan to run down the corporate sector. I see a role for it in the future. I see the part it has to play to create a strong industry. It must make the country more self-reliant. It must serve the needs of strengthening our defences and it must provide employment."

Singh refuses to answer questions. He says that interjections and small queries only dilute the thoughts he wants to express. "Please listen to all that I have to say and please ensure that it is reported faithfully."

"Whenever I try to explain my economic philosophy I seem to hit a stone wall. Please help me explain my ideas to the people who need to understand the complexities of this philosophy," pleads Singh.

"The political system needs funds for day-to-day running of the party machine. It is my belief that the best way would be for parties to raise funds from the people and from their own members. But usually parties run short, which opens up the possibility of funding from business. Business after all provides certain economic nodal points. There are centres of concentration in the corporate sector. These centres have their own financial interests to protect, especially in a situation like ours. They have to procure licences, quotas, etc. So they have to build bridges to protect their interests. They create lobbies in the administration, in government and in the bureaucracy. By directly obliging parties that are in power they even have access to the leadership."

"But a good doctor does not curse his patient. There is no point in the doctor saying the patient has eaten too much or is not keeping clean. This is the time for analysing the problem scientifically and cooly. That is my purpose."

"The problem with the corporate sector having powerful access to and influence on the leadership is that the pressures that it brings to bear may not be in consonance with the interests of the masses."

"What is at stake then is the welfare of the people. This I believe is the much larger stake than the private morals of any individual."

"The system that I have described creates two very crucial distortions. The first is the major distortion of the political system where corporate interests are directly in conflict with the interests of the masses. The second major distortion is an economic distortion. It sometimes allows economically inefficient units which enjoy patronage to squeeze out economically efficient units that do not have clout with the leadership. They thus violate the whole system and are dysfunctional."

"I do not wish to use the term unclean or dirty when I describe the government. It is the whole system that I believe is dysfunctional — both in political terms and in economic efficiency terms."

"And as far as big businesses are concerned, do not for a moment believe that I am against them. I do realise that the problems are basic to the system. It is difficult to change the system specifically when the needs of business are equally complex."

"We have to make basic changes. We have to ensure that business receives a new sense of direction. And this, in an atmosphere where business itself is not subject to discretionary control, whether it is financial controls or controls via licensing. These too must become non-discretionary and subject to broad principles. I do not for a moment want to suggest that business must not be subject to direction. But as I said, it must be this new kind of non-discretionary direction. Only that will ensure that this dysfunctional system is allowed to change."

Going from the purely economic plane to the more general, V. P. Singh stated that as for his broad political philosophy, it could be summarised as "an extension of democratisation and a curbing of non-democratisation." As for democracy, Singh claims that his immediate concerns are the following:

The most important is to reinstate the principle of democracy within political parties. Thereafter, the institution of audits to make sure of where money comes from and where it goes. As for democracy on the industrial front, it includes the participation of labour. "Labour participation must begin at the public sector and thereafter in the big corporate companies. My aim is to bring industry and labour together and thereby bring better results for industry all round."

Another aspect of democracy is the ensuring of grassroots democracy by panchayat elections. Says Singh, "An amendment of the constitution may be necessary to ensure that state chief ministers do not violate the principle of the elections to the zilla parishad and panchayat."

"The last aspect of increasing democratisation that I see as being important is the decentralisation of administration to the district level as well as to the block level. Having achieved this while I was looking at the planning process as chief minister of UP, I see no reason why this kind of real democracy cannot be ensured." ☐

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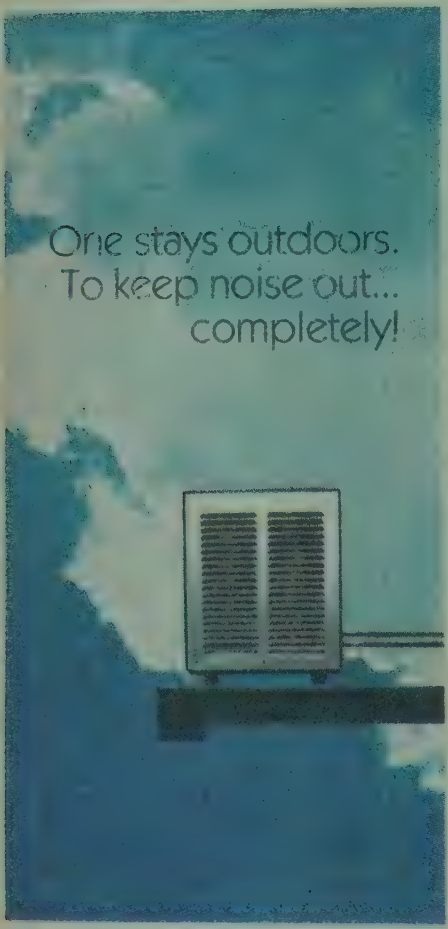

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Why the specialist wants to be a manager

The works manager had exhausted all his questions during an interview at an Indian Institute of Technology (IIT) campus, and he motioned to the personnel manager in the panel to take over. Now that the technical questions were over, the candidate relaxed. The personnel manager regarded the young engineer and enquired, nonchalantly, "Have you taken your GRE?"

"Yes, sir!" came the prompt reply. Then, realising his blunder, the engineer panicked. "No sir, I haven't written any GRE, sir...." he stammered.

The personnel manager often recounts this incident to amused audiences. But in reality, there's little enough cause for amusement here. A high powered committee appointed by the Union government formally acknowledges in its reviews of the IITs that 20 per cent of the institute's graduates have gone abroad. "The cream of the graduates are not available for service in the country," the committee grimly notes, "and even those who remain prefer to go for managerial positions...."

That only 20 per cent go abroad is no consolation. Of the 80 per cent who remain, 25 per cent veer into fields that have little or no bearing on their basic engineering training. The popular choice is business management, particularly marketing. But then, as L. S. Srinath, director of IIT-Madras, puts it, "Industry pays more to its managers than to its scientists."

Engineers complain that career prospects are limited for really brilliant specialists. As one disgruntled engineer put it, "We sweat it out on the unglamorous jobs and the guys with the management degree reap the perks in an airconditioned office."

To be called a manager today is more meaningful for a specialist than to be known for his speciality. The engineer in charge of the most prestigious, most expensive project in his company anticipates that he will acquire the "manager" label on successful completion of the project and looks forward to it. Suddenly, it is not sufficient to be called an engineer or a chief engineer. "Manager" makes a lot of difference.

The effect has begun to reflect even in the attitudes of youngsters who opt for career avenues. A young applicant for admission in an engineering college confesses that engineering is nowhere in his list of career priorities. Then why is he slogging for the entrance exams? "I want to get into the Indian Institute of Management (IIM), Ahmedabad," he replies. "Only engineers can crack their entrance tests."

If the country loses out on specialists who pursue their speciality abroad, it gains little from those who remain to pursue unrelated fields like management which make little or no demands on their basic training. Thus, it is that a marine engineer now sells bubble gum in Bombay.

Organisations employ an increasing number of professionals — engineers, lawyers, accountants, scientists, etc. Work organisation and system require the creation of a hierarchy among the specialists and, in the process, supervisors, officers, managers, vice-presidents, etc, are appointed. For operational purposes, therefore, specialists get organised into management and non-management areas. This, unfortunately, is the point where a lot of resentment is generated since the external symbols of status are more visible in the case of managers than non-managers.

This is not to say that managers, who comprise the hierarchy, are any less important than the specialists who make individual contributions. But it should not be that in rewarding and motivating one group, the other group of professionals in non-management gets demoralised. This unfortuantely is often the case now. An alternate reward system is therefore required to restore equity and fair play in compensating employees and, in the process, arresting the unhealthy drift of brains away from their speciality.

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Research into the subject clearly indicates that every professional — manager or specialist — goes through regular phases in his career. The speed and steadiness with which he moves from one phase to another is indicative of his professional calibre. High performers move from one phase to another rapidly while those with mediocre performance ratings tend to remain in any one phase for a greater part of their careers. In broad terms, there are four basic phases in a person's career.

- **Phase one:** The first phase in a professional's career is normally that of an apprentice. He works under the guidance and close supervision of a mentor in the organisation.
- **Phase two:** In the second phase of his career, he displays he is increasingly involved in independent problem-solving and begins to develop an indepth view of his responsibilities.
- **Phase three:** The professional now has a broader perspective and can share his own development on the job with others by stimulating them with ideas and information. It is now his turn to play mentor.
- **Phase four:** The professional broadens his outlook from the narrow, divisional context to the context of the entire organisation and its development in the industry. He influences the direction of the company. Both professional and man-management skills are put to test as his role in policy formation and integration of the organisation's human resources increases. He is also the spokesman and ambassador for his company.

The reward system can then be redesigned to reward personnel according to their career phase and the speed with which they move from one phase to another. Thus proven contributors are rewarded and not necessarily those who occupy higher positions in the hierarchy. Here again though there could be objections. For instance, who is to blame if an individual remains in a particular phase for too long — the individual or his boss? As a disgruntled executive once aptly remarked: "What do you do if your boss is not ambitious?" Also, who is competent to identify accurately and objective the career phase of an individual?

These are some of the immediate reactions that will be generated on the concept of career phases. The questions, however, pertain to operational logistics which will themselves have to be exhaustively worked out to implement the concept. The exercise calls for consistent effort to think through the hows and whats of the concept to translate it into operation.

PREMA DAS

WS INSULATORS

Branching out

With many news companies being floated under its fold, and a number of firsts already to its credit, the Madras-based WS Insulators group is poised to storm the markets with a new range of products. Some of these are being launched with a steady eye on the export market

Diversify or perish. That sums up the new corporate philosophy of the clutch of companies promoted by WS Insulators Ltd (WSI), Madras.

Comprising three existing companies — S. S. Bushings Ltd, S&S Power Switchgears Ltd and insulator manufacturer WSI — the 24-year-old WSI group (1985-86 turnover: Rs 5 crores) has a presence in the power transmission and distribution business. New plans, currently under finalisation, will take WSI into areas that are extensions of the existing lines of business, besides new product lines like engineering plastics, electronics (EPABX) systems, switches, microwave ovens) and financial services. Says V. Srinivasan, vice-chairman and director of WSI and head of the group, "In the next two years we will see the positive results of these efforts."

Like some of its competitors, WSI's experience in the electrical industry has not been entirely pleasant. Its fortunes are cyclical. Its major customers are the State Electricity Boards (SEBs), and most of them are notoriously bad paymasters. Added to this, the insulator industry has become highly competitive. Many small manufacturers have come in, resulting in price cutting.

"We have really looked for specialised niches where there will not be immediate competition. We also want to get into the basics of manufacturing as we have never believed in screwdriver technology. The new products are not necessarily high volume, but will have high added value," says V. Srinivasan, explaining his diversification strategy.

One of the specialised niches the group has gone into is engineering plastics. The group had initially started manufacturing plastic products for electrical application under the umbrella of SS Bushings Ltd (SSB). As Srinivasan describes it, this move was really to understand what plastics was all about.

SSB, set up in 1976 to manufacture condensor bushings, started making pultruded fibre glass under collaboration with the Standard Oil Company of the US in 1982. This really meant manufacturing insulated material in extruded form for the first time in India. This has a wide variety of applications even outside electrical industries. In 1984, this company went in for the production of polyurethene resins, again making it the only manufacturer in India. In 1986, another new product (needless to say, for the first time in the country) FYLON FRP sheets were added. The technology came from Sohio Chemicals of USA.

BRAND NEW PLANT

A brand new plant was built near Bangalore for the manufacture of FYLON. These sheets have the advantage of being light and unbreakable and they can also be transparent, transluscent, opaque, striped or coloured, as the customer requires it. "Condensor bushings have reached saturation point. The overheads are too high. We are now basically interested in marketing the new products outside the electrical industry. We expect real fast growth in pultruded sections and FYLON," says K. Sriram, general manager, operations of SSB

A new company, S&S Filled Fibres, was floated jointly last year with Norsk Hydro (a Norwegian conglomerate) to manufacture reinforced plastics. This is a process of processing and compounding cheaper plastics into basic plastics like polyethylene, polypropylene, polystyrene and ABS. "This is a very cheap engineering plastic material, ideally suited for blow moulding and auto industry. It is light but strong," says Sriram, who has been looking after this project.

The other area marked out for diversification is electronics. M. S. Venkatraman, Srinivasan's young son who has a master's degree in engineering management from the Stanford University in the US, is looking after the electronics projects. The electronics division is about to launch EPABX telephone exchanges developed with C-DoT technology. "We plan to tie it up to power line carrier (PLC) systems. We have been manufacturing PLC terminals ourselves. Last year we tied up with Siemens to introduce some new features in the PLC's for the first time in the country," says Venkatraman. Another project on the anvil is to make voice frequency telegraphy (VFT) systems with Bharat Electronics Limited (BEL) technology.

The group is carving another small niche for itself in high voltage modular testing equipment. A joint venture, MWB (India) Ltd, floated in partnership with Messwandler Bau of West Germany, has been set up recently and has gone into production. "We see a good future in this line where the main customers are the small electrical manufacturers. Our collaborator plans to set up this unit as a centre for South-East Asian and African countries," says Venkatraman.

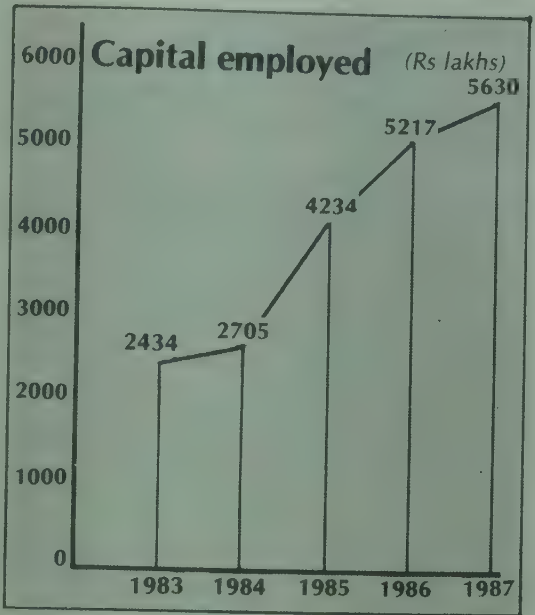
In its quest for creating specialised segments, the WSI group is also going back to ceramics, with which it had started business.

Srinivasan: going in for higher value added products

"We are looking at technical ceramics. In the western world it is the hottest industry today," exclaims Srinivasan. There are immediate plans to introduce thread guides for textile looms. The thread guides used at present in the textile industry wear out rather fast and the ceramic ones are sturdier. In the next four or five years, the group hopes to manufacture ceramics for automobiles, grinding media, ceramic bearings, and ceramic substrates for integrated circuits, among other things.

The group is also making an entry into consumer electricals (switches, plugs, sockets, touch dimmers, speed controllers) for the first time. S&S Electric (SSE) Ltd, a new company, has been set up in collaboration with MK Electric Ltd of the UK, which is one of the largest manufacturers of consumer electricals in the world. SSE, incidentally, is the first unit to manufacture consumer electricals with foreign collaboration. Says Santhana Krishnan, who is spearheading this project, "We are going to offer the Indian consumer the very latest products developed by MK in England. SSE will be using the latest industrial plastics as the base material instead of conventional urea formaldehyde. This will result in a much stronger and durable product which is practically unbreakable and fire retardant." Starting next year SSE will manufacture time switches, time controllers, and infra-red switching devices.

The WS group is also going in for the manufacture of microwave ovens. A collaboration agreement has been signed with Amana Refrigeration of the US, who discovered microwave cooking. This is the group's first real foray into consumer products. The group is viewing this as an electrical and electronic product, but with a different market application. "This is an entirely new ball game for us. Everything about this business is different from what we are used to. The marketing set up will have to be new. We are looking at this project as a training ground for further diversification," says Srinivasan.



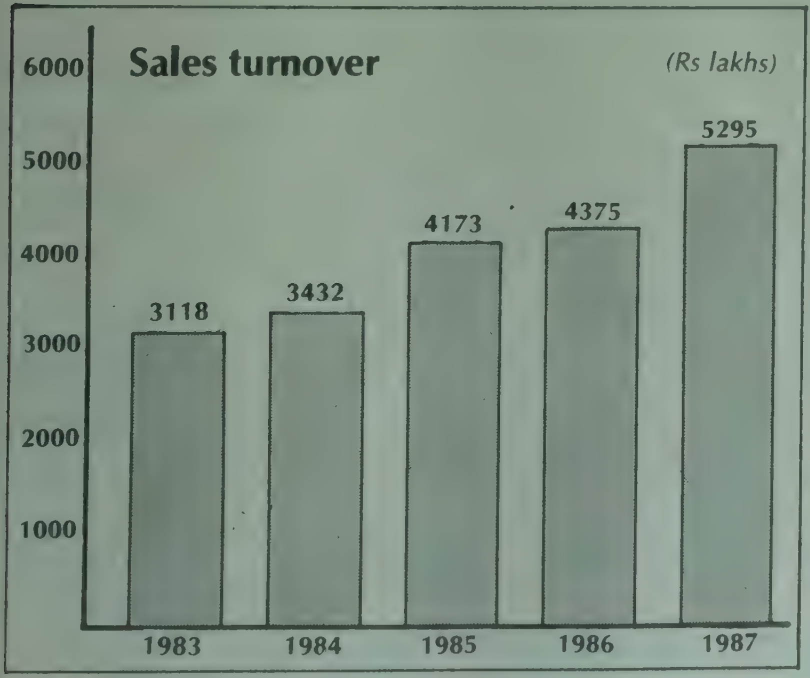
The group's newest venture is India Factors Ltd (IFL), a financial services company. The inspiration for this company came from a desire to help the group's 300 odd small scale ancillary suppliers. It is necessary for the ancillary manufacturers to make new investments to cater to the group's expanding needs. Although the WS group would like to help these people it is not in a position to do so because of its own cash flow problems. "We felt a seperate institution, which has its own financial sources, can help our suppliers with hire purchase, leasing of machinery and tools, and so on," says Srinivasan. IFL will not stop with this limited scope, but will undertake profitable activities like securitisation, swap deals, placement and sales activities.

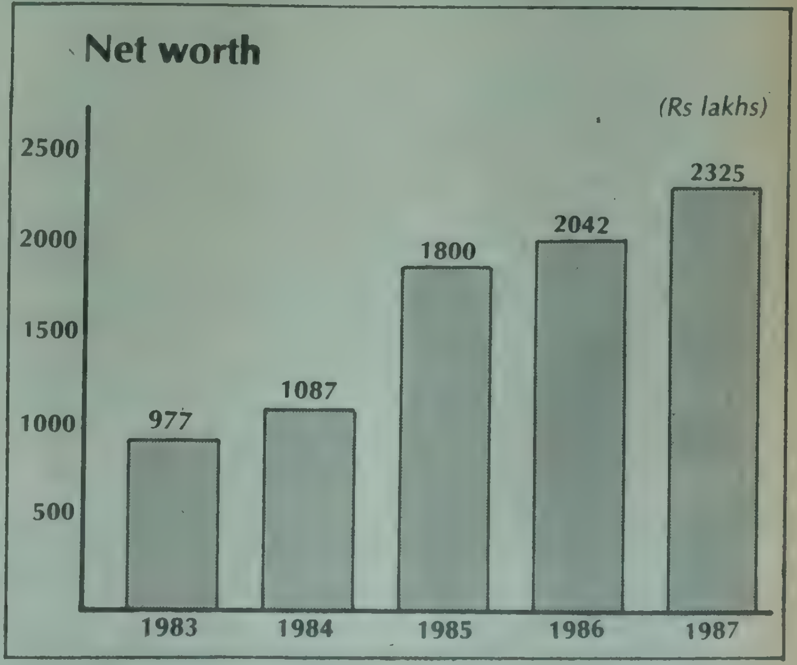
These projects are certainly going to bring about several changes in the group. For one thing, a difference in management style and approach is now necessary. So far the group has recruited only engineers. With the exception of Sriram, there are hardly any MBA's in the group. As Srinivasan admits, the group needs to hire a lot more marketing professionals. So far the emphasis has been only on sales. Locations have become dispersed. The new plants are coming up in Madras, Bangalore, Pudukottai and Pondicherry. The group will have to develop a more decentralised set up with independent profit centres.

The new projects are diverse and small. The project cost of most of them is between Rs 3 and Rs 5 crores. The plan is to grow in steps rather than making a very big investment all at once. But, in the next five years the group hopes to reach a turnover of about Rs 100 crores. More importantly, the new product range is expected to make the group much more profitabile than it is today. The WS group is confident of reaching its set targets. "We are not speculators. We evaluate corporate opportunities very thoroughly. We don't believe in unnecessary risks," remarks Srinivasan.

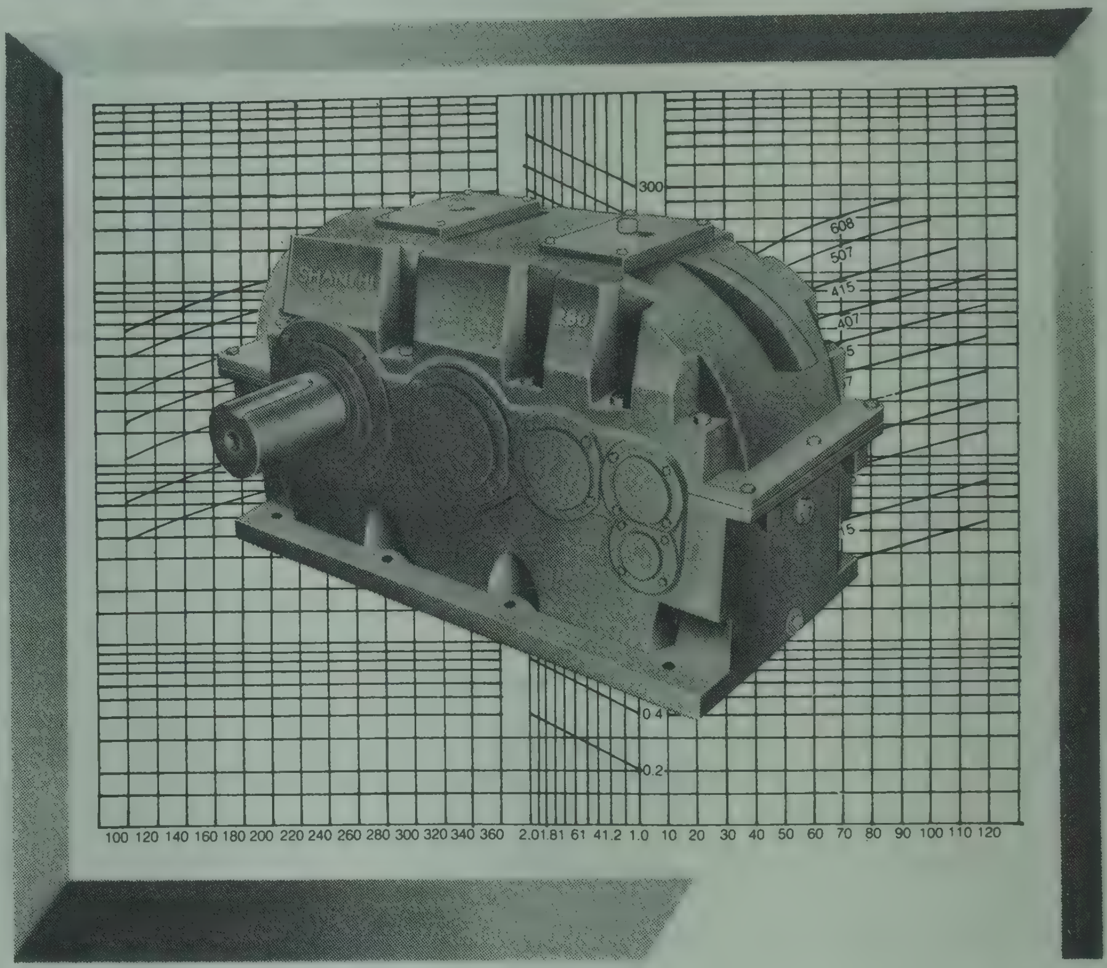
IN-HOUSE R&D

The group, which has taken its import substitution efforts very seriously, is now gearing itself to conduct in-house R&D. Founder S. S. Sethuramon was convinced that everything was possible in India. He put tremendous pressure on the indigenisation effort. "Even during discussions with our collaborators we make it clear to them that we will not be tied to them foreover for the supply of components. In fact we have the freedom to choose our own components suppliers," claims Srinivasan. Today the import content of most of the products is below 10 per cent and this





Profitability curves every engineer ought to study



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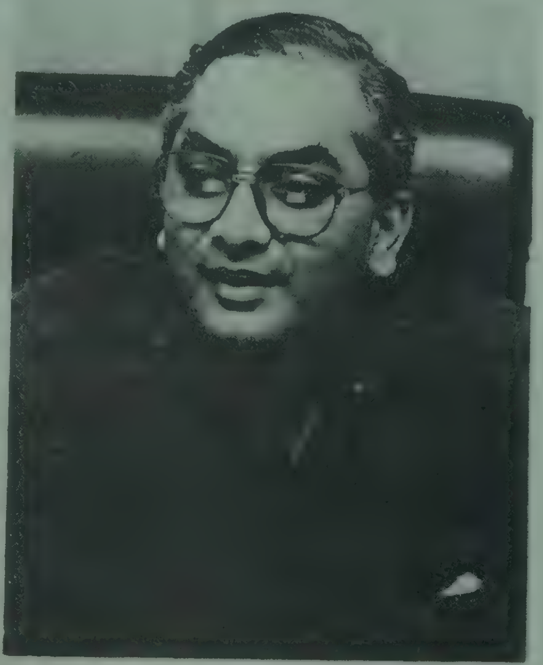
helps the company withstand the steep foreign exchange fluctuations.

The WS group has moved one step further from just import substitution efforts at R&D. About 5 years ago a conscious decision was taken to develop technology locally. One of the successful products developed by intense R&D efforts is the zinc oxide lightning arrestors. Now long-term research projects are being undertaken in association with local academic institutes. Much work is also being done on fibre optic based equipment.

FRONTIER TECHNOLOGY

WSI has set up the Industrial High Voltage Research Foundation (HVRF) in an attempt to expose Indian utilities to the latest in foreign expertise. Says K. Kasturi, manager, technology development, "We felt that we will benefit in the long-term if we expose our utilities to frontier technologies." The IHVRF has been conducting seminars and symposia towards this end. This attempt has led to an interesting new project, that of setting up software study centres for the electrical sector The first such centre is being set up in Delhi.

Srinivasan feels that the timing is just right to make a major export thrust since recent exchange fluctuations have made prices competitive. In many advanced countries, electrical equipment is regarded as a sunset industry, and many big names have moved over to electronics, defence and space related products. "This is the time for us to move into filling the demand in the advanced and developing countries. WS is at a particularly advantageous position with our low import content," says Srinivasan.



Krishnan: offering the best of British consumer electricals

WSI is already exporting 20 per cent of i production to Europe, the Middle and Far Eas Australia and Canada. Srinivasan hopes to increase the share of exports to 40 per cent o the total production. According to him, overseas customers today are not satisfied with th products complying with the specification alone. They also want to know how it i manufactured.

Keeping this in mind, WSI has launched Rs 6 crore modernisation programme. Toda WSI manufactures 7,500 tonnes of porcelain of which nearly 5,000 tonnes go into transmission line equipment. Says N. Ramakrishnan general manager, operations, who is looking after the modernisation programme, "We hope to increase this tonnage by atleast 50 per cent by 1987-88, by putting in new equipment and also introducing automation wherever necessary. To cater to the export market the quality of production has to be consistent."

It would appear that the WSI group will, in a short while, have a range of electrical and other products that will be difficult to match. Obviously, its wide-ranging plans and projects will have to fructify into commercial successes for that. That, keeping in mind WSI's past record, can be expected to come about with a fair degree of certainty.

SUSHILA RAVINDRANATH

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THE JAINS OF JALGAON

A rich harvest

From selling kerosene on a cycle, Bhavarlal Jain has come a long way. He is the largest manufacturer of PVC pipes in the country. He now controls a group of companies whose annual turnover collectively stood at Rs 60 crores last year and is poised to cross Rs 100 crores by the turn of this decade

Bhavarlal: on top of the pile

At the centre of Jalgaon lies a garden promoted by the town's leading business family, the Jains. In the garden stands a statue of Krishna playing the flute. On closer inspection the flute turns out to be a PVC pipe! A not-so-subtle reminder that the Jains are the largest manufacturers of PVC pipes and fittings in India, accounting for sales of over Rs 45 crores (group sales about Rs 60 crores).

In the late fifties, the marginal-farmer-descendants of Kasturchand Jain decided that they would send young Bhavarlal Jain to college and then for a law degree. In 1963 Bhavarlal decided not to take up the post of deputy collector that the Maharashtra state public service commission had selected him for. He opted instead for business. In 1968 he got an Esso dealership in kerosene and heavy diesel oil (used for running pumpsets) and borrowed the family's savings of Rs 7,000 to buy empty drums. With this he set up Jain Brothers.

"Those were the days when kerosene and diesel had to be marketed, not distributed as is the case today," says Jain. Going door to door, farmhouse to farmhouse, Jain managed to do quite well. He then acquired dealerships for petrol and high speed diesel and later even for LPG, "which also needed aggressive marketing in those days," adds Jain. He soon set up petrol pumps, and came to own a chain of six petrol pumps.

Having acquired agencies for the complete range of oil products, as well as outlets in Jalgaon, Bhusawal and Dhulia, Jain in 1972 acquired an Escorts dealership to sell the company's motorcycles and tractors. He also set up a service station for repairing and maintaining motorcycles and tractors, and even began selling vehicle spares, tyre tubes and batteries. Then, more in tune with his farming ancestry, he began acquiring agencies for various agri-products — farm equipment, insecticides, fertilisers and seeds. Soon Bhavarlal began selling PVC pipes to farmers (PVC pipes were then being manufactured by Wavin, Garware Plastics, Champlast and Finolex). By 1978, all these lines of activity chalked up combined sales of over Rs 10 crores. It was around then that Jain decided to get into manufacturing.

After a abortive attempt to start manufacturing insulation tapes he began making an enzymatic product called papain. Willy nilly Jain had returned to an agro-based industry. The secretion from the skin of raw, unplucked papayas was tapped, collected, dried and sold for use as a meat tenderiser, beer stabiliser and even for use in baby foods. Unwilling to cater to the domestic market where, he says, price, not quality, was the determining criterion, Jain began concentrating exclusively on exports. Today, compared with the US $5 a kg that crude papain used to fetch him in the early eighties, the refined papain his group manufactures fetches him over US $60 a kg. "By next year, we hope to refine it to meet FDA standards in the US, and this product could fetch us a price of over US $85 a kg," says S. M. Udani, banking and financial controller of the Jain group.

Simultaneously, Jain decided to set up a pipe manufacturing division too. Since the manufacture of PVC pipes of diametres of 110 mm and less was reserved for the small scale sector, Jain decided to set up small units (six in all at Jalgaon), all with a share capital of not more than Rs 52 lakhs. "So in 1980, I bought a Windsor machine with a 40-tonne capacity which could assure me production of PVC pipes worth Rs 50-60 lakhs," he explains. "I already had a market worth Rs 30 lakhs and was confident of increasing sales to over Rs 50 lakhs in a year's time."

The six units in Jalgaon manufacturing PVC pipes took just two and a half years to be set up. Last year Jain began setting up two more units at Sendhwa in Madhya Pradesh, and acquired one more unit in Udaipur in October 1984. With these nine pipe manufacturing units, Jain has become the largest manufacturer of such pipes in India, with a 25 per cent market share. Last month, he also con-

CINCINNATI
MILACRON

Equipment supplier Cincinnati Milacron considers the group quite creditworthy

R. N. BHASKAR

cluded a deal with the Jindals, who sold him their two PVC pipe making machines for Rs 45 lakhs, giving him yet another unit near Delhi.

In addition to all this Jain has helped his brother Kantilal Chordia set up Jain Foods at Jalgaon itself, which, though a separate activity by itself, was actually a consequence of making papain. The papayas from which the papain was extracted had no takers after they had turned ripe. So Jain Foods was set up. It bought the papaya, which was then peeled, washed, cut into small pieces, boiled, sweetened, and treated with additives and preservatives to make glace fruit or fruit candy used by confectioners and bakers. Today, this division's sales are in excess of Rs 96 lakhs and there are hopes that this figure will more than double in a couple of years' time. Now Chordia also plans to bottle pickles, for which the plant's capacities are being augmented.

Of the Jain group of companies, Jain personally manages the pipe manufacturing units at Jalgaon and Sendhwa. He also looks after Jain Plastics and Chemicals, that makes papain, and Emco Transformers Ltd, Bombay (a public limited company in which he bought a 80 per cent stake just last year). The other units, notably the PVC pipe manufacturing division at Udaipur (sales Rs 3.8 crores last year, expected to touch Rs 5 crores this year) are being looked after by a nephew. Jain Foods is managed by Chordia, while all the other trading activities are run by Jain's other cousins and uncles. The group, which accounted for combined sales of Rs 60 crores last year, is expected to make Rs 80 crores this year. Jain himself believes that his group's sales should easily exceed Rs 100 crores by 1989-90, and some observers believe that it could exceed even that.

It is obvious that the Jains have done extremely well for themselves. What has made them succeed? They weren't the first people to make PVC pipes in India. But today, reportedly, Chemplast is planning to close down its PVC pipe manufacturing division, Finolex is concentrating more on cables and not on pipes any longer, and Wavin, in spite of being the only PVC pipe manufacturer with a foreign collaboration since the early sixties, is lagging far behind the Jains.

According to Jain, he was lucky to have got into pipe manufacture just when the market was booming. According to others, it was because of the unique combination of experience that the Jains had in the areas of trading, farming and marketing. "It is obvious," says one competitor, "that had they not been selling PVC pipes earlier, they would not have had a market ready to pick up the pipes they had started making. Secondly, it was also fortunate for the Jains that companies like Chemplast were not as interested in selling PVC pipes as much as they were in selling PVC resin. Had it been otherwise, the competition could have easily punched a hole in the Jain enterprise bottom line, particularly as it was not only a late entrant but also dependent on others for its raw material.

Catering to individual farmers also gave Jain access to markets other than government agencies, the single largest customers for such pipes. With farmers going in for more sophisticated irrigation systems, Jain had began tapping a market that had unlimited potential.

Yet this does not completely explain the phenomenal success achieved by the Jains. For it must be remembered that while being based in Jalgaon might have been advantageous in terms of the market, the town's remoteness and lack of infrastructure were obstacles that Jain had to contend with. Jalgaon is after all in a remote corner of Maharashtra, far from the ports through which imported PVC resin comes. The communication network is bad, and there is no airport within a radius of 250 km. However, both the western and central railway lines run through the town. It has an uninterrupted power supply, and as it is a classified backward area it allows sales tax and excise duty benefits. The last reason is also why several other companies like the Garwares have started manufacturing units around Jalgaon.

"As for communication, we have a hot line facility with Bombay through which we route all our national and international calls," says Udani. A facsimile facility with New York, USA, where the Jains recently opened another office to monitor exports and imports, gives them yet another communication link with the world of business outside sleepy looking Jalgaon. "Moreover, we belong here," asserts Jain. As far as liaison with government agencies and the like goes, they have men stationed in the major cities.

However, the group's prime asset has been Jain's amazing skill in managing his finances. "In a way, I've always overtraded," admits Jain. He recounts how even when he started Jain Brothers, his investment of Rs 7,000 went only in the purchase of empty drums. "The kerosene and the diesel I purchased on credit which I rolled over to the next larger instalment of supplies," he recalls. "I do not consider overtrading as something abhorrent as long as the funds generated, say around 80 per

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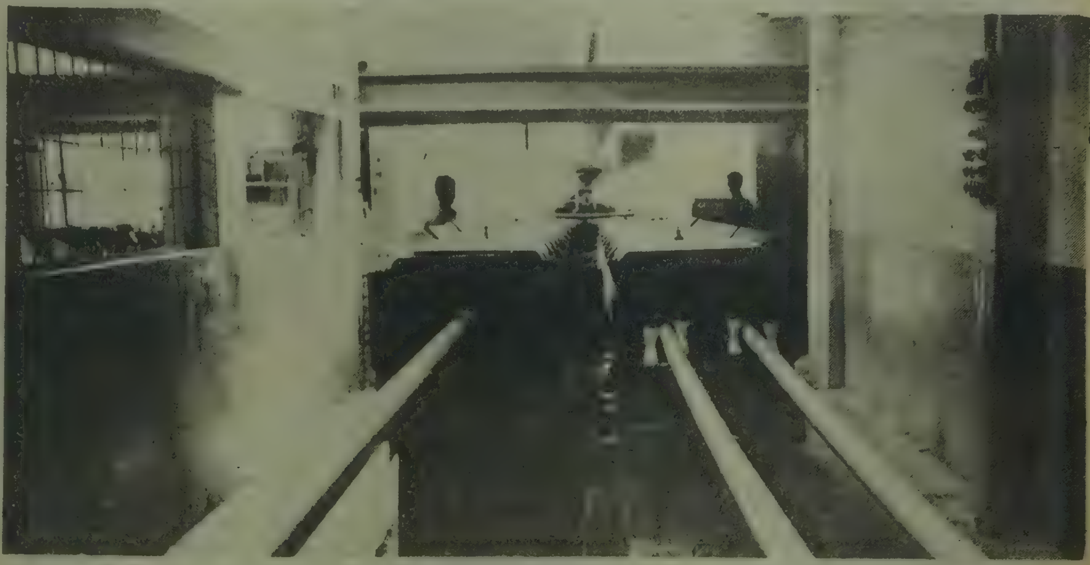
cent at least, are ploughed back for productive purposes," adds Jain. This is evident even today when one finds that against a net worth of Rs 7.35 crores (inclusive of revaluation reserves of Rs 3.97 crores), loans and liabilities came to around Rs 9 crores last year.

Faith in Jain's competence is borne out by the opinion that machinery suppliers, raw material suppliers and bankers have of him. Cincinnati Milacron, for instance, considers the group as quite creditworthy, which is borne out by its recently agreeing to supply to the Jains three machines on deferred payment terms extending to three years. And that too without insisting on a letter of credit or bank guarantee. Again, Vista Chemicals, USA, which has been procuring PVC resin for the Jains for the last four months, allows the group open credit to the tune of US $800,000 without insisting on bank guarantees. And the banks themselves have together allowed the group to have banking credit to the limit of Rs 21.48 crores. "In fact, when we tried to discourage B. H. Jain from overtrading a few years ago," confesses one banker, "he simply asked us, 'How else do I grow?' He pointed to the penal interest we were paying to the RBI and asked us, 'Aren't you also overstretching yourselves?' "



The triple extrusion innovation; plans to go quadruple

Another factor that has contributed enormously to the growth of the Jain empire has been an excellent collection record, another sign of sound funds management. In spite of having the government agencies as his single largest customers, it is amazing to discover that average credit outstandings in respect of Jain's manufacturing units barely came to 31 days while inventories stood at less than 4 per cent last year (the record for earlier years is equally good). Even so, Jain has systematically reduced his dependence on sales to the government sector from over 80 per cent of total sales of PVC pipes six years ago to just around 56 per cent today.

Another reason behind Jain's successes has been his acknowledged commitment to quality production, which has in turn meant keeping abreast of technological developments in this area. Says B. Vaidyanathan, production manager of Jain's PVC manufacturing units at Jalgaon, "Today we are the only PVC pipe manufacturing unit in the country which has computer controlled mixing machines, Cincinnati extruder machines which we've modified to give us much more than the capacities they were rated for."

Vaidyanathan's statements are borne out by Peter Kirschland, marketing manager, Cincinnati Milicron, Austria (a subsidiary of the US engineering company) who marvels not only at the technical innovations carried out at the Jains' units, but also the speed at which expansion has taken place. Kirschland points out how the Jains have achieved such a level of competence that in recent years they even began commissioning Cincinnati extruders without waiting for technical advice from the supplier firm, an achievement few can boast of. A second confirmation of these skills: HMT has reportedly requested the Jains to collaborate technically to manufacture such extruders in India.

Vaidyanathan goes on to explain how he and his team added a preheater for the PVC resin going into the Cincinnati extruders. Then by modifying the screw design and barrel they were able to get a capacity of 410 kg an hour against its rated capacity of 250 kg an hour.

The Jain group's financial profile (1985-86)

(Rs lakhs)

	B. H. Jain's concerns			
	PVC pipe units*	JPCL**	EMCO†	Total
Sales	4,348.31	76.42	223.30	4,648.03
Other income	1.87	59.10	9.95	70.92
Gross sales	4,350.18	135.52	233.25	4,718.95
Gross profit	204.41	34.73	16.31	255.45
Depreciation	32.35	14.99	6.87	54.21
Tax	33.97	5.04	—	39.01
Net profit	138.09	14.70	9.44	162.23
Share capital	152.55	24.50	48.52	225.57
Investment allowance reserves	64.17	14.82	—	78.99
Revaluation reserves	169.15	227.54	189.56	586.24
Other reserves and surplus	58.83	23.54	55.70	138.07
Net worth	444.69	290.40	293.78	1,028.87
Loans and liabilities	750.73	168.75	100.38	1,019.86
Net block	390.41	411.09	260.90	1,062.40
Total assets	1,228.86	464.92	398.04	2,091.82

Notes: * *PVC pipe units include Jayee PVC Pipes Pvt Ltd; Jalgaon Pipes Manufacturing Co Pvt Ltd; Jain Compounding & Formulations Pvt Ltd; Jain Accessories & Fittings; and Jain Brothers Industries, all located at Jalgaon*

** *Refers to Jain Plastics & Chemicals Pvt Ltd, Jalgaon, a 100 per cent exporting unit manufacturing papain*

† *Refers to Emco Transformers Ltd, Bombay in which Jain has a 80 per cent equity stake*

Companies associated with the Jain group

Name of unit	Main activity	Approximate annual turnover (Rs lakhs)
Accurate Pipes & Plastics Pvt Ltd, Udaipur	Mfg PVC pipes & fittings	380
Jain Foods, Jalgaon	Mfg Fruit candy/glaced fruit	96
Jain Metal & Material Supply Corp, Jalgaon	Mktg building materials	11
Jain Brothers, Jalgaon	Mktg agro inputs & petroleum products	390
Jain Bros Auto Agencies, Jalgaon	Mktg & servicing tractors & two wheelers	140
Jain Warehousing Corpn, Jalgaon	Warehousing	15
Shirish & Co, Jalgaon	LP gas agency	33
Dhulia Gas Agency, Dhulia	LP gas agency	78
Malegaon Gas Co, Malegaon	LP gas agency	18
Bhusawal Gas Agency, Bhusawal	LP gas agency	115
Ajantha Traders, Pahur	Mktg petroleum products	102
		1,378

"Taking a cue from the Jains, Cincinnati introduced a new screw and barrel called the Superconical. Nevertheless, the company could still guarantee an output of only 330 kg an hour, against our 410 kg an hour," adds Vaidyanathan. "Then, since downstream units were not capable of taking an output of 410 kgs an hour we introduced a twin extrusion system for the first time in the world, and have now gone on to triple extrusion too for small diameter pipes of 20-40 mm. Soon we hope to have quadruple extrusion systems too."

Vaidyanathan also proudly points to the low wastage at the Jain units — just around 5 per cent against the norm of 6 per cent in most developed countries ("For us the need to trim costs is greater, as PVC is much more expensive in India," he explains). "Even this waste gets recycled, of which 4.92 per cent is recovered, giving us an ultimate loss of only around 0.08 per cent against the international norm of 1 per cent," he adds.

The Jains have also begun introducing new types of pipes. For instance, they shortly plan to introduce double walled corrugated pipes which are corrugated on the outside but smooth inside, thus saving almost 20 per cent on raw material yet improving on the inherent strength of the pipe. Such innovations, coupled with rigorous quality control have given the Jains a reputation in the market that could well be the envy of almost any pipe manufacturer.

Not content with their undisputed supremacy in the manufacture of PVC pipes, the Jains now plan to diversify into three areas. The first, relating to manufacture of PVC window profiles, foam tiles and roof tiles, is already on the anvil and is expected to go on stream as demand for such products develops.

R. N. BHASKAR

Diversification into pickle making

The second area of diversification is in drip irrigation systems for which a new company, Jain Irrigation Systems Ltd has been formed. The company is in technical collaboration with James Hardie, UK, one of the largest irrigation equipment manufacturers in the world (group annual turnover in the region of Rs 1,500 crores). Unlike earlier companies in the field, (which included big names like Coromandal Indag, Voltas, Kirloskar and Jyoti) the Jains will offer a total irrigation system.

"This will include testing the soil, crop pattern, weather patterns and land geography before we devise a system for the farmer. In addition we will supply all the 20 odd parts needed, and not leave it to the farmer to procure odds and ends from other places. In addition we also intend offering the farmer a guaranteed service to suit his changing needs for at least 10 years," explains R. B. Jain, Bhavarlal's nephew and managing director of the company. "During the last seven years only 4,000 acres have been brought under drip irrigation by all the companies put together. We intend getting at least 10,000 acres under our system in the first year itself. We have already covered around 3,000 acres under this system. Farmers realise the benefits of such system whereby water consumption gets reduced by at least 50 per cent and agricultural output increased by around 25 to 40 per cent, and so the potential for marketing such a system is virtually unlimited," says Jain.

To ensure that the drip irrigation system finds easy acceptability, the company began installing such systems for large and influential farmers. Clients include Sharad Pawar and other sugar barons in Maharashtra. The strategy is obviously paying off, as farmers watching the results of these systems have begun showering the Jains with enquiries. To partly finance this project, expected to cost around Rs 7 crores, the Jains plan going public (the first unit in the group to do so) and raise funds around Rs 2 crores from the capital markets.

The third area of diversification, and possibly the most promising, is the Jains' plan to set up a Rs 100 crore project for producing 50,000 tpa of PVC resin. "Today, we consume 28,000 tpa of PVC resin and have become the largest processors of this resin in the country," says Jain. So it was natural to go in for backward integration. However, the application has been pending with the government for two years now. Now that the government of Uttar Pradesh has decided to sponsor it (earlier it was Maharahstra) Jain reckons his chances to be better. "The economics are in my favour," he says. "Uttar Pradesh needs industry and I need 28,000 tonnes of PVC resin a year from now onwards. As for the rest I am even willing to guarantee export if domestic sales are not possible."

Once this project gets cleared, the Jains could easily rank foremost among the new industrial groups in India. Jain is now concentrating on developing a second generation of management. The group has already been apportioned between his sons, nephews and uncles. "I do not like to think of this bifurcation of responsibilities as a division," emphasises Jain. "I'd rather think of it as planning for a transition, a smooth change of men in control. I've never believed in luck or accidents — only in planning."

R. N. BHASKAR

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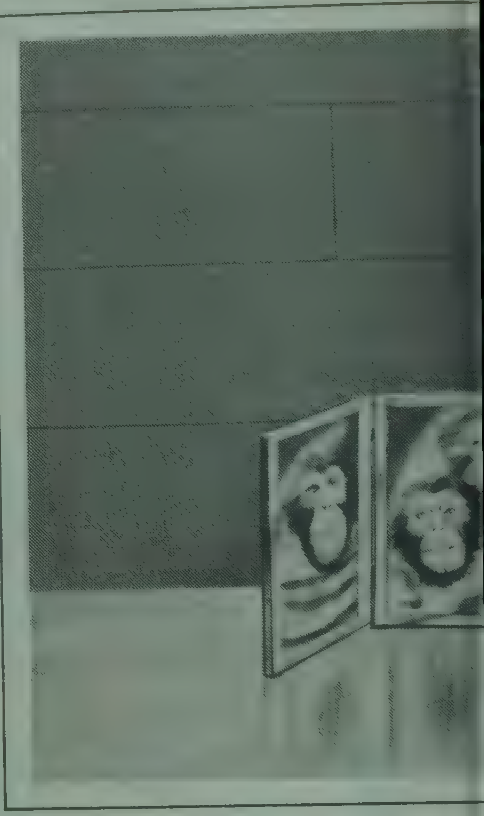
THE THEORY OF EVOLUTION (or how an outdated communication system drives your staff bananas).



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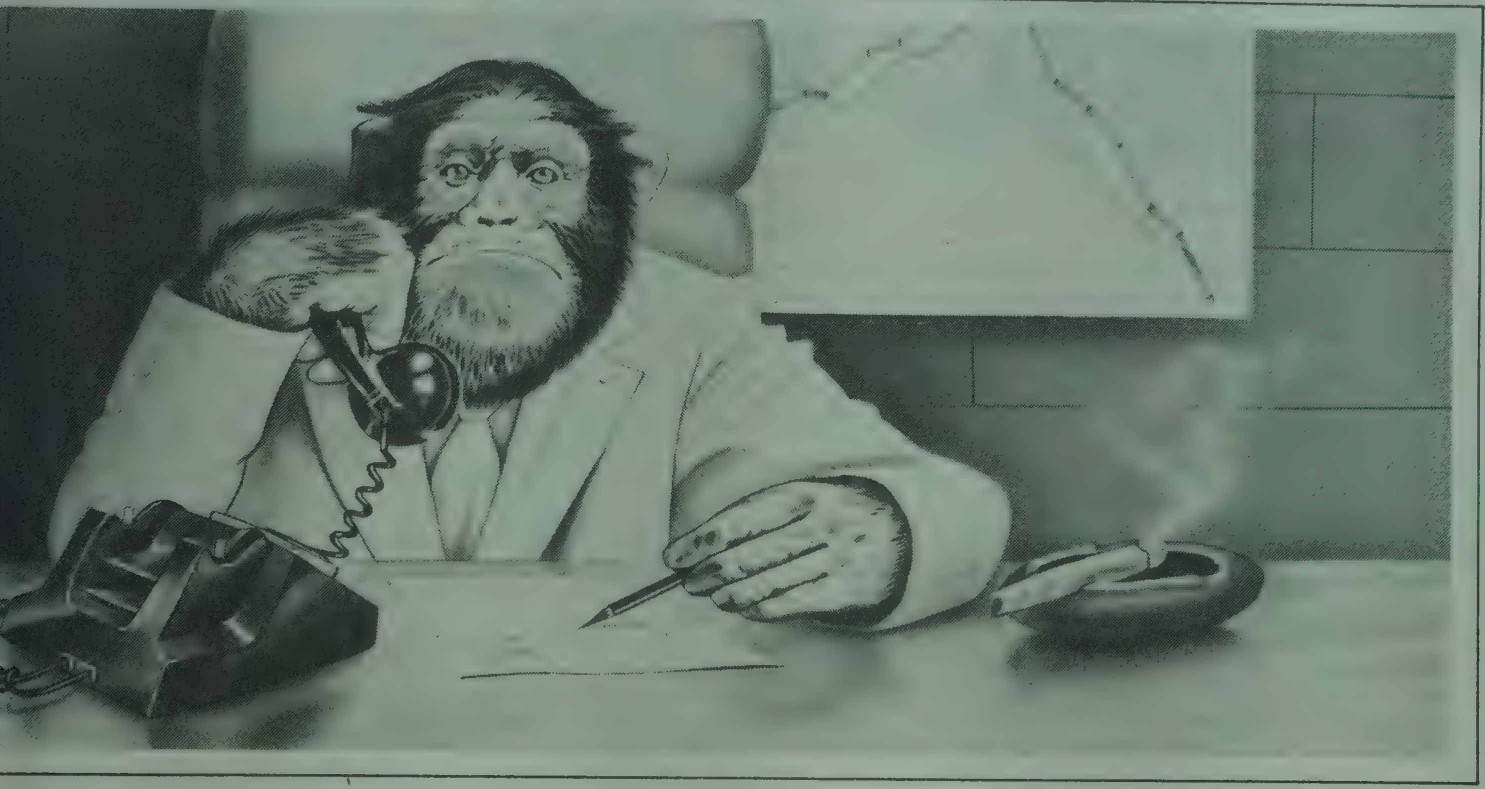

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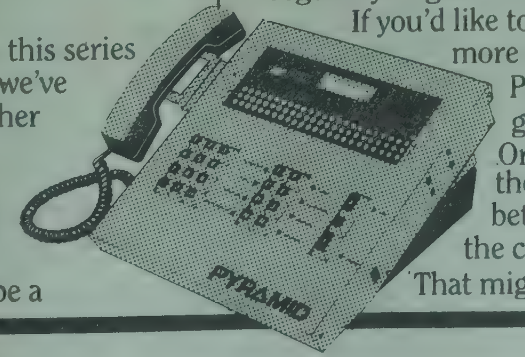

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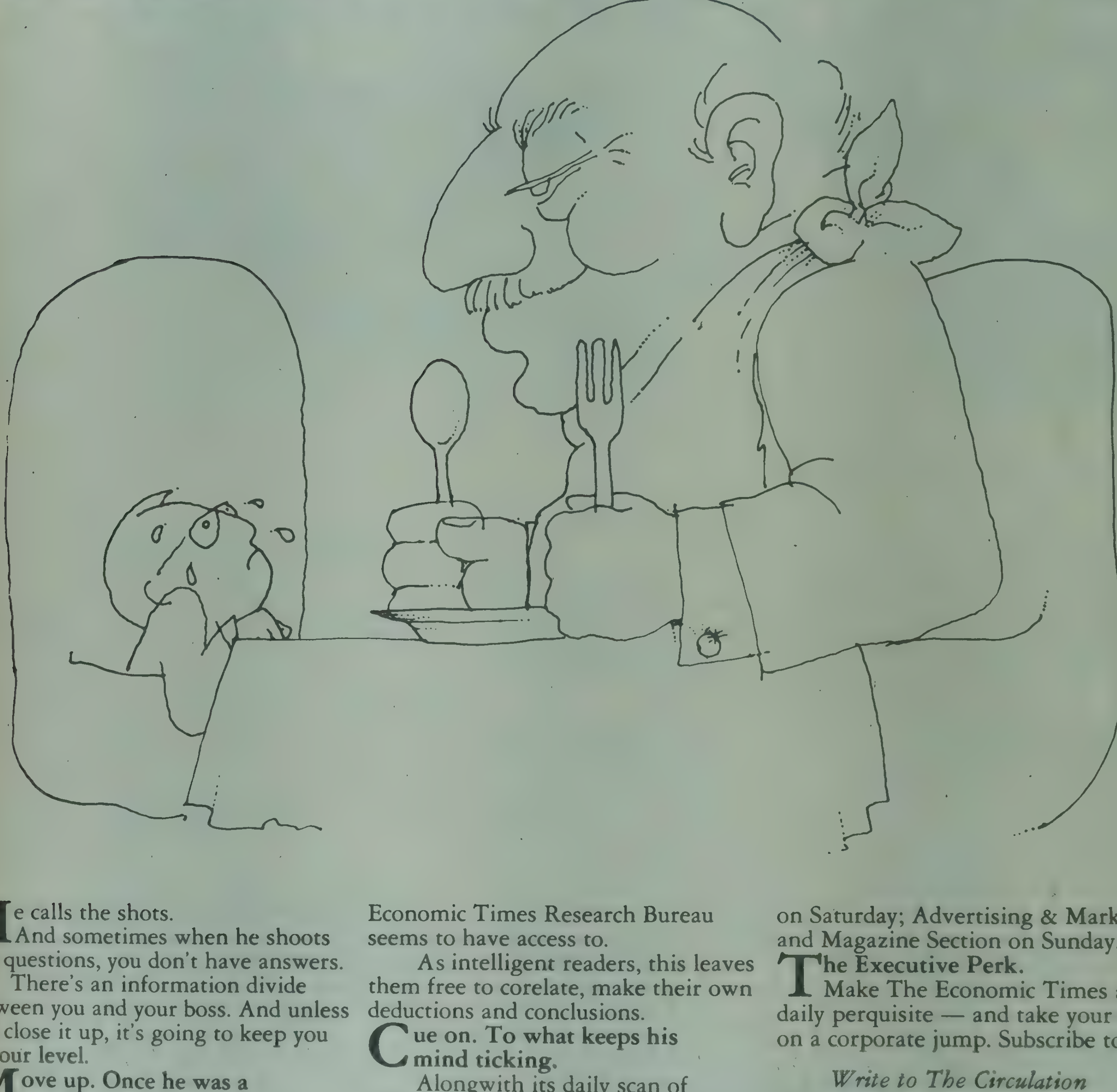

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THE ECONOMIC TIMES

MAKES YOUR BOSS THINK AHEAD OF YOU

R KANGA/ET/2A/8

PLASTIC PACKAGING

Materials and makers aplenty

Packaging of food and beverages in plastics was viewed by the government as a luxury till recently. Now that policies have changed to encourage the industry, a host of materials and manufacturers are fighting to get a share of the demand from the growing processed foods industry

Is packing food in plastics a necessity for preservation and customer convenience or an unnecessary luxury which the country can ill afford? The government, for a long time, seemed unable to decide one way or the other. But when in 1984 it finally did, it slashed customs duty on "modern" food packaging machinery drastically to 40 per cent from 90 to 120 per cent it attracted earlier when classified as "capital equipment". Although indigenous manufacture of packaging machinery had begun in the late 70s, it was no match for imported machinery which had several distinct advantages including that of speed. The government's policy change therefore gave the plastic packaging industry a tremendous boost.

"Along with this change in duty structure," says M. R. Subramaniam, director, Indian Institute of Packaging, perceptions about packaging costs began to change". With product costs rising with inflation, plastic packaging considered expensive before, began to fall as a percentage of product cost. Plastics came to be increasingly considered by food and beverage manufacturers as good, attractive packaging material.

Curiously enough, the food and plastic processors who had been lobbying for a customs duty cut on packaging machinery were caught unprepared by the government's decision. Ideas on what food or beverage to pack in which plastic hadn't crystallised. As packaging of food and beverages requires considerable research for a good match between the product and the packaging material, the food and packaging industry had to now start working in close co-ordination with the Indian Institute of Packaging and the Central Food Technology and Research Institute (CFTRI). The former helped in developing and testing the packaging material while the latter checked out the maximum shelf life of a food product in specific packages.

Working out the barrier properties of different combinations of plastics or plastics laminated with other materials and obtaining shelf life certificates from IIP and CFTRI took the industry considerable time.

Not surprisingly, milk in plastic bags was the first high volume product to hit the market. The short shelf life of the product does not ask much of its packaging material. Most dairies could therefore invest in a form, fill and seal (FFS) machine and offer consumers a welcome change from the inconvenient glass bottle.

Since 1982-83 liquid milk packed in LDPE film has registered a compound annual growth rate of 29 per cent. This sector consumed in 1985-86, 17,000 tonnes of LDPE film — 7 tonnes are required to pack one million litres. According to projections of the dairy sector, milk production is expected to reach 52 million tonnes by 1989-90, of which 20 per cent is planned to be marketed in sachets and 10 per cent in tetrapacks. Accordingly, the demand projection for LDPE film has been put at 53,000 tonnes by the D. V. Kapoor Committee Report on perspective planning for the petrochemical industry.

According to R. K. Patel, managing director of Samarpan Fabricators, one of the bigger plastic packaging machinery manufacturers, with know how from Prepack of France, of his 70 odd clients for FFS machines, a sizeable number are in the dairy sector. "The good thing about the FFS machine is that the size of the bag can be flexible. So the same machine used to pack half a litre of milk can be used to make bags for one litre."

Also, an FFS machine is used for much more. By changing the filling head, powdered spices or even wafers and other snack foods can be packed. The brand name is either printed directly on the plastic pouch or in some cases like spices and instant food mixes, on the paper cartons into which the plastic pouches are inserted. Unit packing of cereals, salt, sugar and processed food used 13,000 tonnes of LDPE in 1985-86. This figure is expected to increase to 18,000 tonnes by 1990.

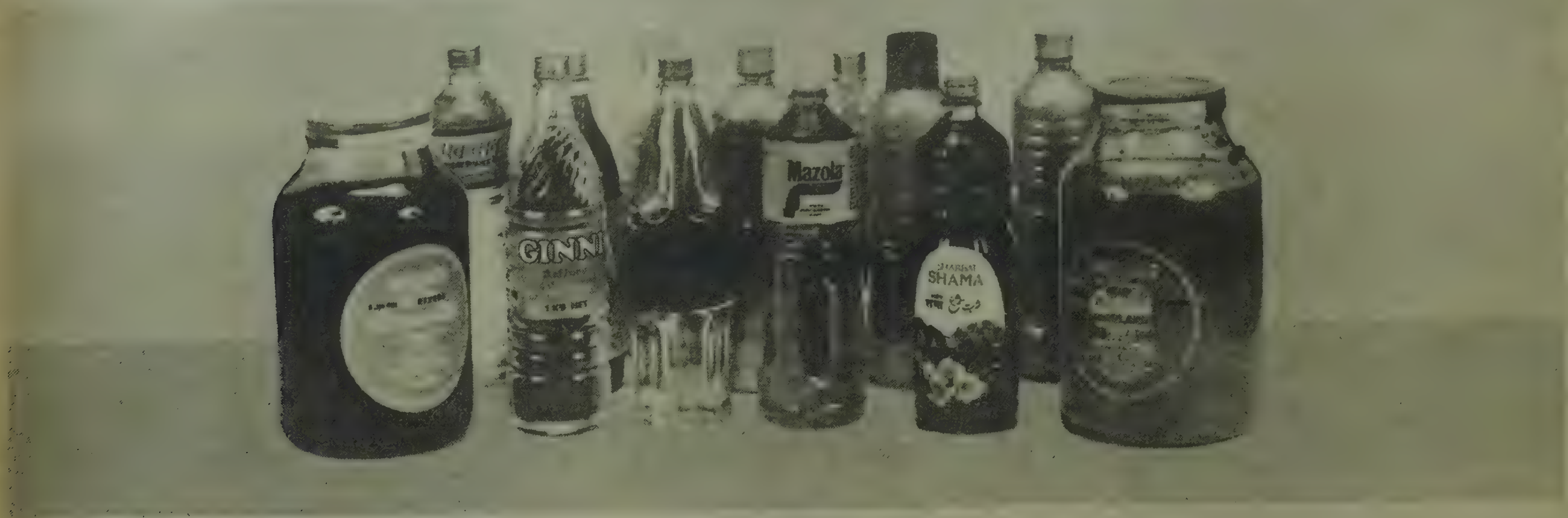
With rapid growth in the instant food industry, and the emergence of competitive brands of macaroni, vermicilli, dosa and idli mixes, etc, packaging has emerged as a critical element in marketing. Polyethelene film was laminated with polyester film for better shelf life and better printability. Thus a market promoted by Food Specialities (Maggie) was soon flooded by a host of other competitive snack food brands.

The high cost of glass and tin forced manufacturers of high turnover items to think in terms of disposable refill pouches. So yet another variation of the flexible bag made its appearance with Food Specialities' Nescafe coffee being packed in polyester, foil and LDPE — the foil layer being the necessary barrier material for a product like coffee.

Till recently Garware Plastics and Polyester Ltd was the only company producing polyester film in the country but the increase in demand has seen the appearance of a new manufacturer in Delhi — Polyplex Corp Ltd. The other new entrant into the field of plastic packaging is BOPP film used for lamination of flexible pouches and could replace cellophane packaging for cigarette wrapping, confectioneries and bakery products. Cosmo Films and M. M. Rubber, the two manufacturers of BOPP film have been allowed recently to expand capacity. Others are expected to enter the industry and installed capacity will soon reach 10,000 tonnes per annum.

The latest in flexible pouches are the stand up pouches which as the name suggests are pouches which have a base and can be made to stand up. "Their obvious advantage is in display", says Bipin Shah of Trendpack, who manufactures these pouches. The big name in stand up pouches is however Paharpur Cooling Towers, with its collaboration with the French Doypack. Doypack's technology enables Paharpur to make pouches by joining different multilayered or laminated film depending on the barrier and printing requirements — manufacturers like Shah however form the bag out of a single film. Says S. L. Solanki, marketing executive of Paharpur Cooling, "Our bags are expensive but since they can't be made by the small scale manufacturers, so when they come on the market spurious products can be ruled out." This selling point is bound to impress consumers of edible oil — the largest market after automobile oil which Paharpur is hoping to gain a share in.

Of the total edible oil consumption of 5 million tonnes in 1984-85, almost 94 per cent was packed in 15 kg tins. Plastic processors have been trying to get at least the remaining 6 per cent sold in retail packs of 1 kg, 2kgs and 5 kgs packed in plastic. About 10 per cent of the 900,000 tonnes of vanaspati production in 1984-85 was packed in plastic. Thanks to relative economies and consumer preference, HDPE jars were well received when they were



PET bottles have upstaged a lot of other materials

first introduced.

But even before HDPE jars were well established, oil manufacturers were being wooed by a new plastic manufacturer selling a totally new concept — polyethelene terepthalate or PET. Pearl Polymers, the pioneers in PET bottle manufacture, started in 1985 and today has a turnover exceeding Rs 4 crore. Operating at present with three lines in Delhi (each line producing 620 bottles per hour, Pearl Polymers is confident of a level of demand to justify a couple of more lines in Maharahshtra. Says Anand S. Thatte, area sales manager, western region, "This concept is obviously catching on. Ten more letters of intent have been issued and two parties, Chemco Plastics and Clair Packaging, have already set up manufacturing facilities in Maharashtra."

The best thing that has happened to Pearl Polymers is of course Ahmed Mills. The makers of the Postman brand of groundnut oil, Ahmed Mills with its six brands of oil is definitely the market leaders in the branded oil market. So impressed is Ahmed Mills with PET bottles that today it lifts 200,000 bottles per month from Pearl Polymers, of its total production of one million bottles per month.

Says Urmila Zutshi of Ahmed Mills, who is in charge of marketing, "Although we continue to pack our oils in tins, HDPE and PET, the best response has been to PET. The clarity of a PET bottle makes the quality of oil obvious to the consumer. Infact this is why a lot of other oil manufacturers would be hesitant to pack in PET." Another reason for this hesitancy could be the high price of PET — with Century Enka being the only manufacturer of PET, most of this raw material is imported at a 240 per cent duty.

The cheaper alternatives for the edible oil industry are of course PVC bottles or pouches, both the pillow and stand up variety. In 1975 PVC was banned for food products and it was only in 1980 that Indian Petrochemical Corporation Ltd and Shriram Fibres developed food grade PVC with the acceptable monomer content for food packaging. Says Ashok Saraf of Metro Packaging, one of the first to make PVC bottles, "Since squashes, syrups, jams and jellies are still not allowed to be packed in plastic, we are also concentrating on the oil market. But although PVC is a cheaper alternative to PET and has comparable properties, oil manufacturers continue to have reservations about PVC — it will take time to be accepted."

Pouches, the other cheap alternative, however, have their own problems. "Although it is cheaper in the long run, manufacturers are hesistant because the whole packing line has to be changed," says Solanki. Paharpur Cooling however does see a future for pouches and has invested Rs 50 crores in a packaging manufacturing unit which would offer multilayer film, packaging machines, pre-formed pillow and stand up pouches and even packaging contracts.

"Although experimentation is on with nylon-surlyn-CXA pouches for edible oil packaging, progress has been nominal," says Solanki who expects this particular packaging to be the next to cause ripples in the edible oil market. The lack of progress owes largely to the 240 per cent duty on the barrier material surlyn which is a Dupont product marketed in India by Voltas. As not many oil manufacturers are interested, surlyn is not commercially available and since it is not commercially available not many manufacturers are willing to take a risk by switching to surlyn. "The duty structure discourages the use of a lot of new materials like EVOH, EVAL, EVA and surlyn," says Patel of Samarpan. "The duty of these is 240 per cent while that on pre-formed bags of these materials is only 35 per cent. So users of specific materials prefer to import bags instead of developing suppliers within the country; asceptic bags are an excellent example of this."

Even though asceptic pouches are not being made in India, tetrabriks — the popular asceptic packaging all over the world — has come to dominate the fruit juice and fruit drink market in India. Here Parle's has taken the initiative, closely followed by Voltas and Amul, and now a number of other beverage manufacturers are likely to do so. The tetrabrik which has an outer wall made of wax coated paper lined with LDPE and an inner wall of foil lined with polyethylene, has excellent barrier properties and thus offers a shelf life of over three months. "How well this concept has caught on is obvious from the fact that Tetrapack in Sweden right now has orders for over 120 lines from Indian companies," says Dr S. D. Varde, vice president, food and trading, Wimco, the largest Swedish company in India. Tetrapacks have a distinct advantage over pouches, the other alternative we considered for packing juice — it does not require hot filling," says Ranjit Salvi general manager, consumer products division, Voltas.

On the whole, a lot has been happeneing in this fairly young industry of plastic packaging for food and beverages but unfortunately the progress is "two steps forward and one step back", according to Solanki of Paharpur Cooling. His company, which also manufactures HDPE woven sacks, has just had a bad jolt with the government's decision to make jute bags compulsory for the packing of food grains, cement and fertiliers. "Plastic processors and food manufacturers are afraid to take decisions, as the price of plastic raw materials, besides being affected by the international scenario, fluctuates widely thanks to changing government policies", says Solanki. *(See Business Notes.)*

In an industry where a product more often than not becomes obsolete even before commercialisation, a long term government policy is essential to keep at least some parameters constant, to enable continuous research.

KEYA SARKAR

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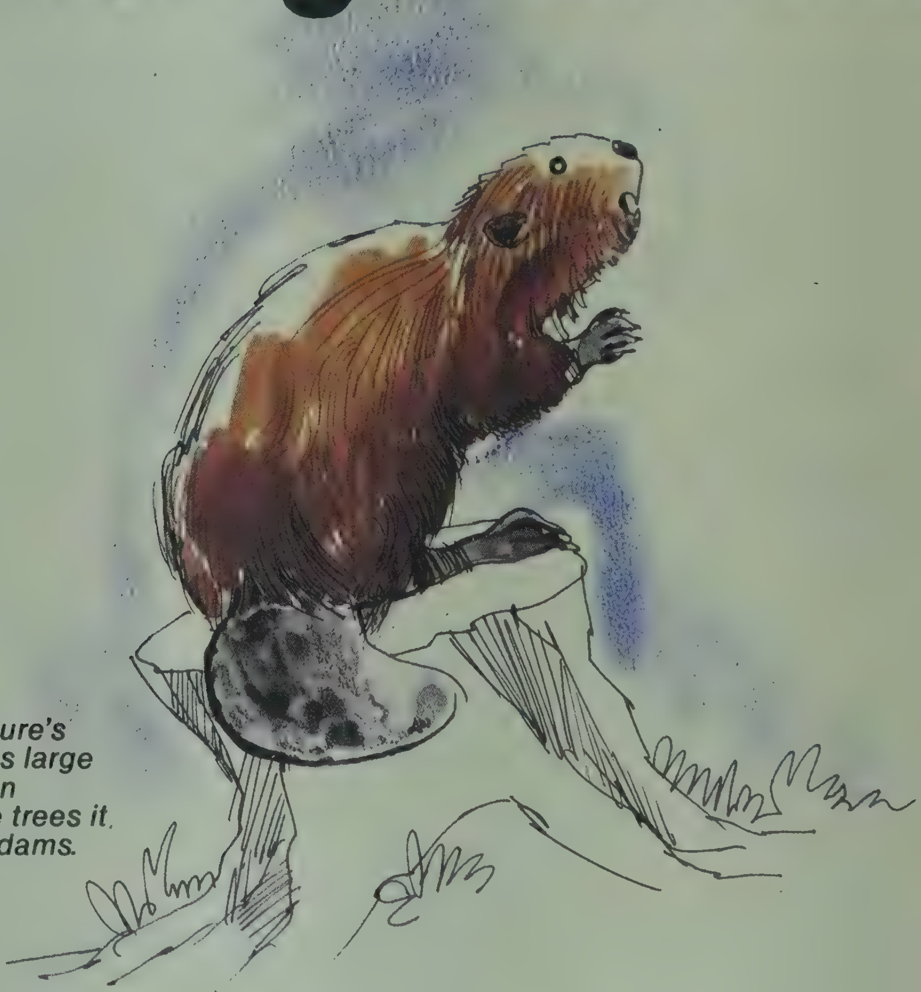

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TEACHERS' WAGES

Hike hype

University and college teachers were jubiliant after the recent announcement that their pay scales were to be trebled. But now it emerges that in real terms the hike amounts to nothing

Rajiv Gandhi's announcement over two years ago that education would rank high in his government's list of priorities was met with a degree of scepticism by the teaching profession. After all, his predecessors had been mouthing similar platitudes for decades. So when, on 17 June, the government announced a trebling of pay scales for university teachers, they were pleasantly surprised. But, now that the government has clarified what the pay hike really amounts to, it would appear that the earlier scepticism was after all justified.

According to the notification lecturers' pay scales have been hiked from the existing Rs 700-1,600 per month to an impressive Rs 2,200-4,000 besides which a senior scale of Rs 3,000-5,000 has been introduced for all lecturers; pay scales for readers in universities are to be hiked from Rs 1,200-1,900 to Rs 3,700-5,300, while those of professors, from Rs 1,500-2,500 to Rs 4,500-7,300 (see Table 1).

Simultaneously, 100 posts of professors of eminence were created with a fixed salary of Rs 8,000 a month (which, incidentally, is on par with that of a secretary to the government of India following the recommendations of the Fourth Pay Commission). The new scales, according to the government, are applicable with retrospective effect from 1 January 1986.

The first indication that things were not what they appeared to be came with a government news release which said that teachers across the country would get a Rs 200-Rs 300 ad hoc payment per month pending implementation of the new pay scales. This, naturally enough, made many ask, why the ad hoc grant was only Rs 200-Rs 300 when the scales suggest an increase of Rs 1,500 at the minimum?

According to lecturers working in central government run colleges and universities (where the new scales will be implemented with immediate effect), the maximum increase any teacher will get will be Rs 2,130 a month, and that too only at the professor grade. The rest of the lecturers (not readers) would have to be content with increases ranging between Rs 575 and Rs 1,145 a month (see Table 2). This is because the new scales will be implemented by merging almost all allowances, like DA, into the basic pay. Naturally, such information proved to have a dampening effect on most of the 230,000 odd teachers working in universities and colleges in India.

Bombay university: teachers sceptic

Table 1

The new scales

Designation	Existing scale of pay	Revised scale of pay
A. Universities		
Lecturer	700-1600	2200-75-2800-100-4000
Lecturer (Sr. Scale)	Not existing	3000-100-3500-125-5000
Lecturer (Selection Grade)	1200-1900	3700-125-4700-150-5300
Reader	1200-1900	3700-125-4700-150-5300
Reader (Sr. Scale)	Not existing	4500-150-5700
Professor	1500-2500	4500-150-5700-200-7300
Professor of Eminence	3000 (fixed)	8000 (fixed)
Vice Chancellor	3000 (fixed)	7300-100-7600
B. College		
Lecturer	700-1600	2200-75-2800-100-4000
Lecturer (Sr. Scale)	Not existing	3000-100-3500-125-5000
Lecturer (Selection Grade)	1200-1900	3700-125-4700-150-5300
Principal (i)	1200-1900	Revised scale of Reader
Principal (ii)	1500-2500	or Professor
Tutors/Demonstrators in Universities & Colleges (existing incumbents only)	500-900	1740-3000

Source: Ministry of Human Resources

The central government, of course, glossed over all this. "The revised scale of a lecturer is more than the pre-revised scale of a reader," said the press release given out by the ministry of human resource development (department of education). "The revised pay of reader is equivalent to the pre-revised scale of a professor, and the revised pay scale of a professor is a distinct improvement over the pre-revised scale". But teachers' unions across the country weren't impressed.

"The new scales fail to compensate teachers fully against erosion of salaries against inflation," says K. K. Theckedath, general secretary of the Maharashtra Federation of University and College Teachers Unions (MFUCTU). He points out that the old Rs 700-1,600 scale for lecturers (Rs 1,200-1900 for readers and Rs 1,500-2,500 for professors) was recommended by the University Grants Commission (UGC) way back in 1973. "Since then there has been a 350 per cent increase in inflation," says Theckedath. "Consequently the basic salary should have been Rs 2,450 at the minimum and not Rs 2,200 as announced."

Apart from the question of compensation, there are other equally serious concerns. For

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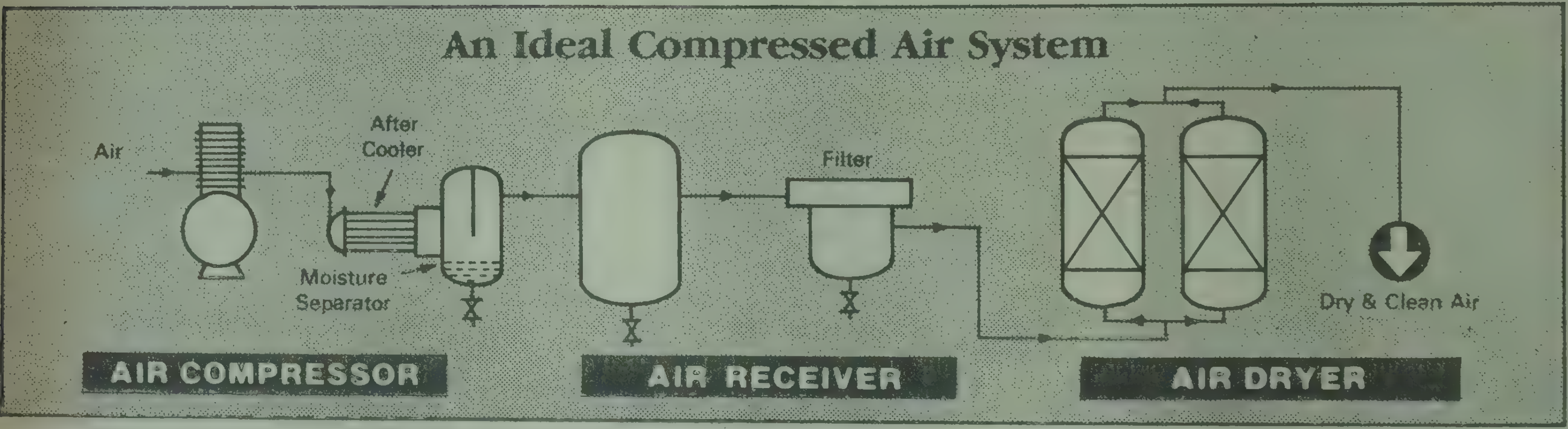

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Table 2

Implications of latest pay scale revision

Basic pay under present scale	Total pay under present scale	Basic pay under revision scale	Total pay under revised scale	Total gain
Lecturers Grade				
700	2,060	2,200	2,750	690
940	2,700	2,725	3,275	575
1,200	3,095	3,100	3,800	705
1,600	3,655	3,700	4,800	1,145
Reader's Grade				
1,200	3,095	3,100	4,800	1,705
1,600	3,655	3,700	4,800	1,145
1,900	4,297	4,325	5,425	1,128
Professor's Grade				
1,500	3,470	4,500	5,600	2,130
2,000	4,515	4,650	5,750	1,235
2,500	5,625	5,700	6,800	1,175

Source: Indian Express

one, there are genuine fears that the government is trying to divide the ranks of the teachers. Instead of granting a running scale with built-in opportunities for promotion, it has created three distinct scales for lecturers. The existing reader scale has been split into two. Even professors have been divided into professors and professors of eminence. "The new scales are in total contravention to the principles laid down by the Fourth Pay Commission," is the angry response of one teacher. "The commission reduced the total number of cadres from the existing 80 to 50 in the view that multiplicity of scales and grades was not desirable. Yet the new pay scales have increased the number of cadres among university and college from a mere 3 to as many as 13. Even the number of scales have increased from 3 to 8 under the revised scale of pay." (See Table 1.)

Secondly, while earlier a teacher could, solely on the basis of length of service, become a reader, the new scales do not permit this. Instead, by breaking up each earlier category into two or more categories, the new scales have ensured that even lecturers would need to go through a series of evaluation norms to be eligible for a higher scale.

But the problem that worries teachers most relates to budgetary allocations to meet the increased wage bill. Although the central government has stated that its assistance for "revision of scales of pay has been restricted to 80 per cent in accordance with the past practice," this is not so. In 1973 the central government met the *entire* burden of the increase in teachers' salaries for a period of *five years*. This time however the centre has agreed to commit itself only to 80 per cent of the sum and that too only from January 1986 to 31 March 1990, that is, only for *four years and three months*. This, in effect, will place a greater financial burden on state governments, who in any case have a far from exemplary record in paying teachers their dues.

Teachers point out how even in the past, though new scales were announced in 1973, only colleges and universities in Delhi and Uttar Pradesh implemented them in the same year. "Some states like Maharashtra implemented them in 1975, others in 1978," says Theckedath. "In fact, Kerala and Karnataka have not implemented even the old scales to date." Teachers explain that the new scales, which will involve additional annual expenditure of over Rs 166 crores (for all the 230,000 teachers in the country), will make state governments more likely to drag their feet this time than they did in 1973.

In any case, how can the salaries of college and university teachers be looked at in isolation? After all, unless schools attract the best (or at least better) teaching talent, the quality of students going into college and university education is bound to be poor. "What the new scales will do, if school teachers' salaries are not improved, is that they will pay college and university teachers for teaching students the very same things, that should have been learnt in schools," says one college principal. Or may be, he adds sarcastically, that could be what the new education policy is all about.

R. N. BHASKAR

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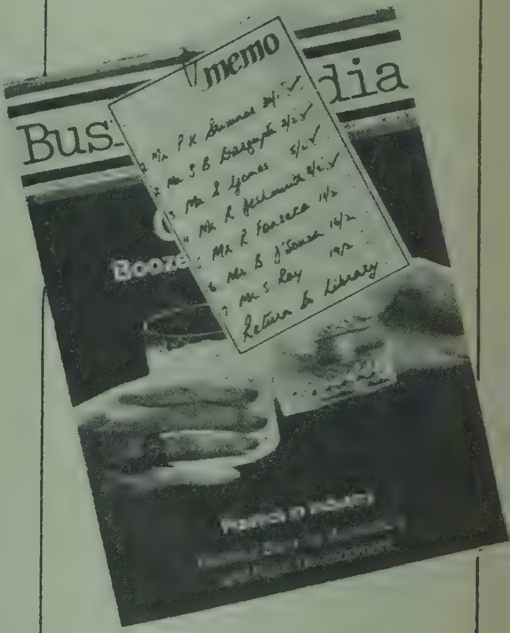

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WEST BENGAL

Hopeful portents

The recent big industrial news in West Bengal — or rather, a storm in a tea-cup — is over the centre's proposed move to denotify Haldia, together with NOIDA and Amethi, as industrially backward areas. The reason: the total investment in these places has far exceeded Rs 30 crores, the stipulated limit for industrial backwardness. The denotification is with retrospective effect 1983 onwards.

Denotification, in effect, means withdrawal of certain tax concessions, including income tax exemption on 20 per cent of profit for industrial units set up in a backward area. Sections of the press have expressed apprehensions that the denotification may act as a damper to further investment in Haldia. Furthermore, they feel that the ambitious Haldia Petrochemicals project, to be set up in the joint sector may be affected.

Informed observers feel, however, that Haldia's denotification may not make any material difference. As P. C. Banerjee, chairman and managing director of West Bengal Industrial Development Corporation (WBIDC) points out, denotification is normal for all industrially backward areas once they cross the investment threshold. According to him, entrepreneurs who are coming up with fresh proposals have taken into account the possibility of denotification, and have worked this assumption into their project cost estimates. R. P. Goenka, who is promoting Haldia Petrochemicals, has said that since the project going on stream is still very distant in the future, it is unnecessary to speculate on the effects on its profits seven years hence. Withdrawal of tax concessions would affect only those units which have already been in operation and have been making profits.

However, some industrialists question the Rs 30 crores benchmark for "backwardness" in any area. They point out that today just two or three small projects could add up to an investment of such a sum. The criterion that should be used, they feel, is really the number of people employed. Further, as far as Haldia is concerned, they point out that the Chloride, Hindustan Lever, Indian Oil and some other installations that have come up there employ only a few hundred people each, and the facilities which make for an industrial township (like hospitals, schools, telephone systems, etc) are still most inadequate. If sensible criteria are used, they feel, there is still a strong case for allowing tax benefits for investment in Haldia to continue.

Basu: trying to improve infrastructure

On its part, the West Bengal government is reported to have been trying to stall the centre's move to denotify Haldia. It is reported to have requested the centre to treat Haldia as a special case. However, it is doubtful whether this move will be successful. But as a general comment, well-informed people feel that industrial regeneration in West Bengal depends more on overall infrastructure and the help that the state government can provide. There is an allegation that while the state government has been talking for a long time about new thrusts for industrial growth, the lack of any significant achievement may be really ascribable to a fundamental lack of seriousness in attempting to improve infrastructural support.

The state government recently released figures which have attempted to show that things have improved a lot over the past two or three years. According to official sources, in 1986 there was a total investment of Rs 598 crores in the state, this is 65 per cent higher than the previous year's Rs 362.47 crores Further, investments in projects implemented between 1982 and 1986 stood at Rs 623 crores, and this was 259 per cent higher than the investments made between 1977 and 1981. However, what these statistics fail to take into account is first, the diminishing value of the rupee, and second that investments in some other states are five or ten times these amounts.

Nevertheless, there is definite evidence that the Left Front government in West Bengal is paying much attention to getting the state's industrial economy growing again. This is perhaps best revealed in the fact that the chief minister himself has retained the commerce and industry portfolio, and is seriously trying to improve infrastructure. He is reported to have been meeting the industrialists of the state at regular intervals, and encouraging them to take up more and more projects in any place they want. He has also set up a committee to look into the problems of investors.

Basically, renewal of West Bengal's industrial base has posed twin problems. First, there is the need for upgradation of technology in traditional industries, and second, there is the need to establish modern, sunrise industries, mainly in the medium and small-scale sectors. As far as large, showpiece projects are concerned (which could have a demonstration effect) the Rs 1,450 crore petrochemical complex in Haldia, the Rs 1,500 crore Durgapur Steel Plant modernisation plan, and the Rs 2,500 crore Indian Iron and Steel Company (IISCO) modernisation scheme are at the top of the list. In the power sector, two big investment proposals, one at Bakreswar and the other at Sagardihi, are awaiting clearance.

However, as it is well known, in our country large investment proposals are inevitably political decisions, and the nod from Delhi is what is most vital. In this context, the recent changes in the political scene at New Delhi may be good auguries for West Bengal, whatever the effects on the nation at large. The support provided to Rajiv Gandhi by the Communist Party Marxist (CPM) in the matter of Zail Singh's proposed candidature as president has enormously enhanced Jyoti Basu's clout in the capital city, and this (according to well-informed observers) was certainly underlined during Rajiv Gandhi's visit to Moscow.

Thus, the approvals to Haldia, Durgapur, and IISCO may now be only a matter of months rather than years (as it was earlier). And many people now feel that West Bengal's proposed industrial regeneration may actually transform into reality in the forseeable future.

KAVERI MITTRA with SUBRATA ROY

KERALA

Handloom gloom

Though handloom fabrics continue to entice those with a liking for the *desi* look, sales are woefully sluggish. Traditional weavers have to struggle to stay afloat in a market flooded with cheaper and better textiles from the organised mill and powerloom sectors. In Kerala, these weavers are idle for want of work and their children are fast opting out of this non-paying tradition.

Kerala weavers have been especially hit since their products have never, in any case, had a prominent national appeal. The state governments' efforts to improve their lot have been inept. One such attempt is embodied in the Kerala State Handloom Development Corporation Ltd (KSHDC). So far the corporation has been largely ineffective, but it is now reorienting itself to try and lift the Kerala handloom industry out of its morass.

The problem with KSHDC is that it began in 1968 as a financing corporation, giving out loans to Kerala's small scale weavers. Apart from having its loans serviced, the corporation has done little else. It has not given much thought to the consumers, nor has it been overly eager to polish the local handloom industry. Even after it changed into a development corporation, the KSHDC has remained limited in its perspective and has a distorted structure and culture. Admits Darlie Oomen Koshy, managing director, "In 18 years of its existence, the corporation has had no tradition of consumer orientation. Instead, we have had expenditure-oriented government officers eager only to somehow complete projects."

KSHDC has on hand two intensive handloom development projects and one export production project. These schemes, sponsored by the union government, have an outlay of a little over Rs 5 crores. They are concentrated in Kerala's traditional handloom areas — Cannanore in the north, and Trivandrum in the south. In 1985-86, these two areas, comprising 32 production clusters, produced over 2.1 million metres valued at Rs 2.5 crores. The corporation's total turnover crossed Rs 8 crores.

This is a far cry from the 1969-70 turnover of Rs 41.52 lakhs. Nevertheless, one has only to glance across the state to realise how cheerless these figure are. Tamil Nadu's Co-optex has a turnover of Rs 95 crores; up north UP Handlooms has one of Rs 60 crores.

Koshy: fighting to improve KSHDC

One prime reason for Kerala's lag is the fewer number of active looms. It has 90,000 looms, compared with Tamil Nadu's 556,000, Andhra Pradesh's 630,000 and UP's 590,000. What is worse, only 30 per cent of Kerala's looms are active.

Moreover, Kerala has no product range attractive enough for a wide national appeal. Explains Koshy, who has had 11 years of experience in the trade and was last with the National Handloom Development Corporation, Lucknow, "Kerala handlooms have always been very weak in sarees. Apart from two small pockets of saree weaving, we do not have anything that could have a national appeal. On the other hand, other states have a very strong saree range. Andhra Pradesh has its tye-and-dye and Pochampally, Tamil Nadu its Kanchipuram, Rajasthan its Kota, Madhya Pradesh its Maheshwari...."

Furthermore, Kerala handlooms cannot boast of any high-value items, usually produced from blended yarns. About 40 per ent of its total production is confined to double *dhotis* and *mundu* sets — apparel which has negligible demand outside the south.

Apart from the onslaught of cheaper polyesters, Kerala's range remains narrow because of poor processing facilities. The Common Facility Service Centre at Chirakkal was set up in 1982 to offer pre-loom and post-loom processing support, and assistance for design and pattern weaving. However, it currently provides for only dyeing of yarn. It has no facilities for preparation of warp, sizing, etc. While some machines have yet to be erected, existing ones languish from poor repair and maintenance. Not strangely, the current processing facilities are underutilised.

To turn this situation around and impart some sorely needed allure to Kerala handlooms, KSHDC has recenty roped in a designer from Tamil Nadu and also sought the expertise of the National Institute of Design. The corporation hopes to produce some exclusive design for the government of India's national collection.

Despite the fanfare with which KSHDC opened its exclusive showroom in Cochin recently, its domestic marketing infrastructure is still weak. It comprises 26 showrooms in Kerala (and only 2 outside, in Karnataka) and 86 agency showrooms run on a 12 per cent commission. KSHDC certainly needs more retail outlets beyond its borders if it hopes to have a national presence. More importantly, it needs to inculcate an attribute of marketing it has never had — aggressiveness.

Koshy feels that past state governments have neglected the importance of Kerala's handloom industry. He points to successful Tamil Nadu, which has a separate ministry for handlooms. The Kerala government, he feels, needs at least a secretary for handlooms.

In this gloom, however, one glimmer of hope is the recent achievement of Kerala Garments Ltd, a wholly-owned subsidiary of KSHDC, incorporated in 1974. It bagged an order from an American buyer for 41,000 readymade shirts to be sold in the US under famed brand names like James River Traders and Perry Ellis.

The designs are the buyers', but the fabric is KSHDC's and the shirts will be made entirely by the 209 workers of Kerala Garments. All the sewing workers are women and they can turn out 600 shirts in one shift. The first consignment was partly marred by the presence of some cotton seeds in the shirts. But since then the yarns are specially manufactured for this order by NTC and the Cannanore Cooperative Spinning Mills.

KSHDC's export potential has also been boosted with government sanction for two pre-loom units for readymades, each costing Rs 7.5 lakhs. One is for warp and sizing, the other for impact dyeing.

KSHDC is also eyeing the huge USSR market which it hopes to enter through the STC. Russians, however, have a penchant for fused collar shirts and a fusing machine is what KSHDC does not have. At Rs 15 to Rs 20 lakhs, its cost is prohibitive, but KSHDC hopes to persuade the STC to invest in such a machine. Koshy is optimistic that the STC will do so since no other state sector organisation has a garment factory.

The KSHDC's target for 1990 is a total turnover of over Rs 1,924 lakhs, ie, 13.6 million metres of cotton and 1.65 million metres of polyester. This is an achievable target, but only if KSHDC can ensure adequate and prompt distribution of yarn to the weavers, get them to substantially increase their productivity and, most vitally, inject itself with some marketing savvy.

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MEDIA RESEARCH

Qualitative inputs too

While the widening of the TV network has been much in the news recently, there have also been other interesting developments in the media. There is now increasing competition in the English and regional language publications; new afternoon and evening newspapers have been introduced; there has been a steady growth of video as a medium, and there have been many innovations in hoardings and outdoor displays. And the competition within each medium is hotting up.

And so, media research, traditionally a limited part of market research, is coming of age. As the questions in the minds of advertisers, media managers in advertising agencies and the circulation and advertising managers of newspapers and publications become more complex, media researchers in market research companies are gearing themselves up to answer them. Syndicated media research studies, specialist surveys, measurement of readership levels and precise TV audience measurement through the use of electronic meters are some of the developments that now try to meet the need for increased, more sensitive and accurate media information.

Traditionally most media researchers considered the media purely in their role as advertising vehicles, and most of the questions that were sought to be answered through research were based on this perception. There is no doubt that since most of the media depend primarily on advertising revenue for their sustenance and growth, this view was an adequate one. Thus the national readership surveys, till recently synonymous with media research activity in the country, sought to provide objective demographic data regarding the readership of various publications, to give media managers a basis for comparison and evaluation of media alternatives.

Media research, traditionally a limited part of market research, is coming of age. As the questions in the minds of advertisers, media managers in advertising agencies and the circulation and advertising managers of newspapers and publications become more complex, media researchers are gearing themselves up to answer them

The business of media research throughout the world has so far been at best a sophisticated, number-crunching exercise. Only very recently has there been an appreciation of the value of qualitative research as a useful complement to quantitative findings.

While the importance of studying the frequency, reach, speed and such other quantitative variables are beyond question, media managers and advertisers are beginning to wonder whether the demographic classification of reader audiences in terms of sex, age, socio-economic class, marital status, household size, employment status and geographical area, are really sufficient for taking sensitive media decisions. Specifically, how can qualitative techniques be employed in media research?

One of the most important ways in which the use of qualitative research would add value to current reader/audience research is by providing an attitudinal and behavioural understanding of the audience. While there are quantitative methods to study these variables as well, they suffer from the inherent weaknesses built into the methodology of quantitative research: poor researcher involvement in data collection, the limitations of a structured format, and the problem of rationalised responses. These inherent weaknesses tend to reduce the reliability of the data collected, rendering it less sensitive.

While figures give the decision maker a feeling of security, there are always doubts. The reader/audience must be understood as a human being not as a numeral on a media chart. An attitudes and readership study done qualitatively through the use of focus groups would overcome the problem of rationalised responses; the semi-structured, flexible format of the discussions would provide greater insights. The psychographic segmentation that would emerge, defined in terms of qualitative audience characteristics such as lifestyle, aspirations, status, versus functional needs, etc, would help in sharpening the understanding of the various media and their role in the life of the reader/audience.

To take a specific media choice problem, let us imagine that there are two film magazines that enjoy a high level of readership and the media manager/advertiser has to decide on one of these for his media-mix to advertise his consumer product range. The contents of the two magazines are apparently quite similar and the quantitative research done shows that the audience composition is more or less similar.

Traditionally most media researchers considered the media purely in their role as advertising vehicles, and most of the questions that were sought to be answered through research were based on this perception. There is no doubt that since most of the media depend primarily on advertising revenue for their sustenance and growth, this view was an adequate one

Let us assume that magazine A has a slightly higher circulation than magazine B. Other factors remaining constant, the advertiser would be tempted to put his ad in A, as he would gain maximum reach within his defined demographic target segment. However, this could be a mistake, if one takes into consideration the qualitative research inputs that should be read along with the quantative findings.

It is possible that magazine A enjoys a higher readership because it has high gossip value, whereas magazine B's circulation strength arises from its credible film reviews or from nostalgic contributions by film stars of yesteryears, etc. The demographic data, however, fails to reveal this fact as similar people read both the magazines (they probably borrow magazine B more).

Given such a profile, magazine B could enjoy a greater level of credibility and hence the overall effectiveness of the communication task is better achieved through the choice of this magazine. Although this might seem to make a very marginal difference to the ultimate media-mix decision, it is the effect of many small but effective media choices that go to secure a media advantage for the prudent advertiser.

Or take the case of two general interest magazines in a similar readership and demographic situation. Here again, qualitative research would aid in identifying the qualitative difference by providing a deeper understanding of the reader's level of involvement with the contents of the two magazines, and their perceived strengths and weaknesses. For instance, magazine X could owe its high readership to its absorbing fiction, while magazine Y's loyal readership could stem from nformation-oriented contributions such as, say, a good health section. Given such a qualitative understanding, the advertiser for a branded drug would do well to opt for magazine Y.

Shifting our attention to the medium of TV, which has emerged as the sure fire medium for urning new products and brands into instant uccesses, let us look at sponsored programmes and the evaluation of their advertisng effectiveness. The various modes of TV audience measurement systems — from the raditional day-after-recall studies to the curent 'People's Meters' — would provide deails of the extent and type of programmes viewed and describe the viewers of various programmes in terms of demographic characteristics. But they would not adequately answer the 'why' of selective viewing habits.

It is only the technique of qualitative esearch that would adequately discover a viewer's motivation to watch specific programmes and the factors that contribute to his/her varying degrees of involvement. Unless the advertiser comes to grips with these 'real' reasons for the success or failure of a sponsored programme, he can hope to benefit little from the quantitative data in terms of sponsoring similar programmes in the future. Unresearched 'educated' guesses that attempt to explain a programme's success or failure may not — and often do not — accurately reflect the real motivation behind extensive or loyal viewership.

Media research has so far been a number-crunching exercise. Only recently has there been an appreciation of the value of qualitative research

The implication of this line of argument becomes clear when one considers the various factors that could contribute to the success or failure of a sponsored programme. Poor viewership of a programme could be the result of a poor choice of theme, inappropriate execution, or an offending character. Only a detailed qualitative analysis would effectively uncover these barriers to viewership.

While the foregoing two instances pertain to the perception of media as advertising vehicles, there is a second area of media as products or brands whose promotion needs similar research inputs as required for the effective promotion of consumer products-in a competitive environment. While research into media considered as advertising vehicles provides data of relevance to the advertiser and ad agencies, the latter kind of media research is of great value to the media owners themselves.

Although the generation and growth of advertising revenue is the prime area of interest to the media-owners too, the need for maintaining and improving the quality and quantity of circulation and thus gaining competitive advantage, cannot be underrated.

For instance, two general interest regional magazines that are targeted at the same reading population could be enjoying different levels of readership. Their contents may appear to be similar. Only a detailed qualitative study of reading habits and attitudes would reveal the underlying perceptions that contribute to brand differentiation and preference.

For instance, although both magazines may carry similar novels and stories, qualitative research data could point to the fact that the reader prefers magazine A to B because the stories in the former are strongly rooted in local conditions, whereas the characterisation in the latter alienates the reader. Or the

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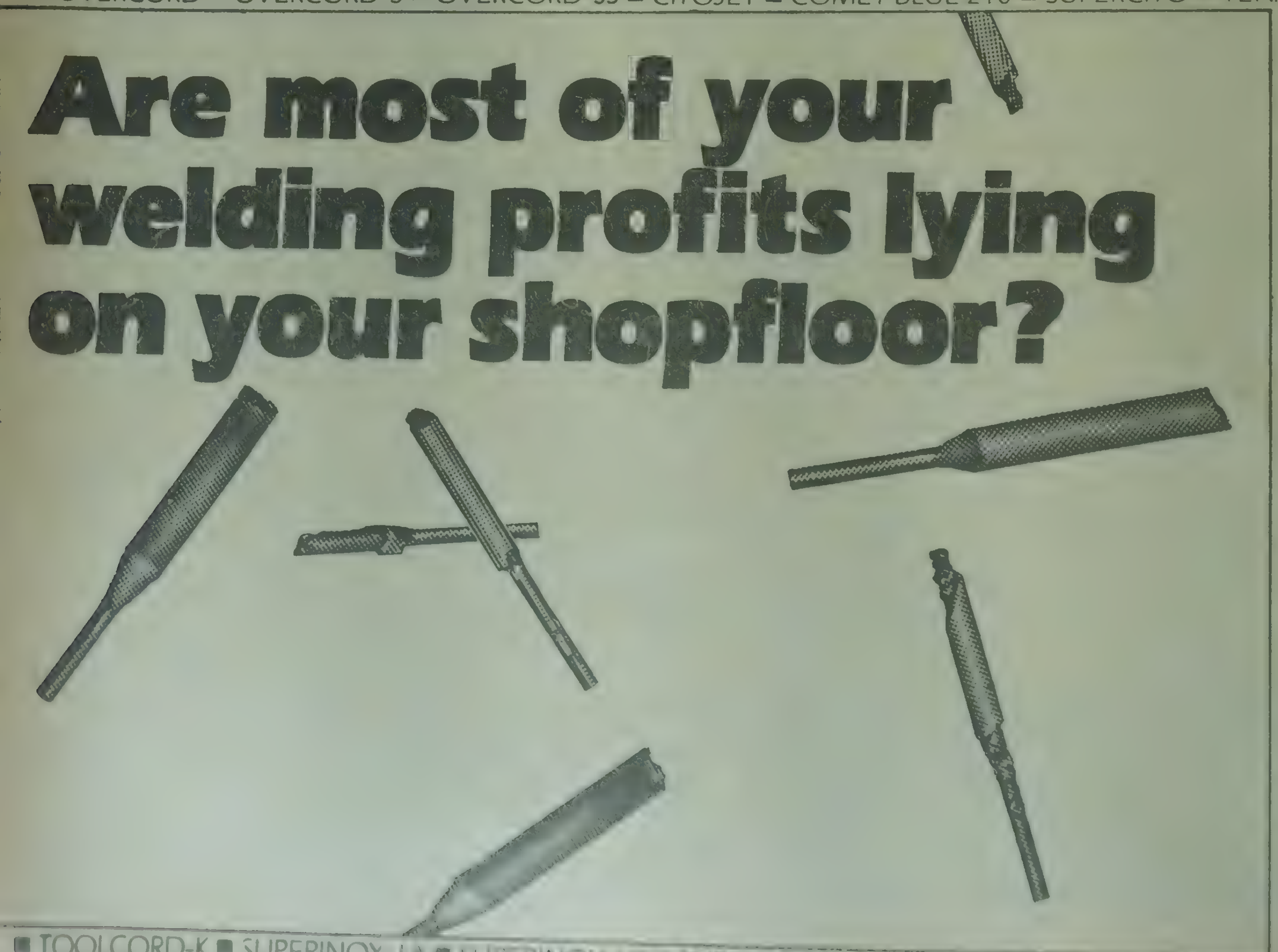

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language and writing style in the former could be much more easy to comprehend and relate to than in the latter.

Further, the overall impact of the magazine on the reader's sensibilities could be revealed through 'imagery techniques'. In a recent research study made of two magazines, one was personified by the readers as a young, attractive and bubbling teenager, whereas another publication emerged as an older, less interesting and introverted woman. On further probing, a number of factors that contributed to such a differing perception were identified to aid the client in reformulating the product (the magazine) to fight the image of the emerging competitor.

It could be argued that the editor would automatically get such information by way of letters to the editor and the feedback of correspondents. However, this argument is similar to that of a marketing manager claiming to know all there is to know about the brand through his contacts with dealers and feedback from the sales force. Such inputs, in both the situations, while certainly valuable, are not sufficient in the sensitive and highly competitive media market of today.

Hence if one treats a publication as a product or a brand, qualitative research would help in many ways. First, prior to launching a new publication in a new market, a basic attitudes and readership study should be carried out. This would reveal unfulfilled reader needs, as the needs fulfilled by the existing publications are mapped out perceptually.

While figures give the decision maker a feeling of security, there are always doubts. The reader must be understood as a human being not as a numeral on a media chart

Secondly, if one were to enter a publications field that is highly competitive, a qualitative positioning study would aid in identifying the strengths and weaknesses of competitive publications, both in terms of product attributes, contents, production values, etc and image dimensions (downmarket/upmarket, conservative/progressive, family reading/individual reading, etc). The resulting data would throw light on the competitive positions, so that the new publication could be suitably positioned to carve out a considerable readership share for itself.

Thirdly, there would be periodic attempts (the frequency would depend on the degree of competition in the field) to track the changes in reader attitudes and the images of various competing publications so as to spot opportunities for introduction and improvement of existing publications.

Thus qualitative research has an important contribution to make in the field of media research, although the primary tools of media research will continue to be quantitative for many years to come. Advertisers and advertising agencies would benefit from qualitative media .research data that provide greater insights into the way consumers relate to various media, as this would have a bearing on the effectiveness of the media as advertising vehicles, and consequently, the achievement o advertising objectives.

Discerning media owners in competitive markets are likely to turn to qualitative research to understand their audience better an thus improve their products to keep in tun with changing needs. Media researcher would do well to combine quantative an qualitative approaches judiciously to provid relevant and complementary inputs to ai media improvement and media decision making.

BASKAR S. AYER

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Co-operative credit

High level of overdues

Though substantial progress has been made in the extension and disbursement of co-operative credit, a high level of overdues is a major impediment in the expansion of credit. Besides, the current performance has been much below the targets fixed under the Seventh Plan (1985-1990).

The short term and the medium term co-operative credit structure comprises 92,000 primary agricultural credit societies (at the village level), 340 central co-operative societies and 28 state co-operative banks. The long term credit structure consists of 19 state land development banks and 1,833 primary land development banks.

Predominant activity. The cooperative movement began in India primarily as a movement against unscrupulous moneylenders and so, in the beginning, it emphasised the supply of credit. Even today, though a great deal of diversification has taken place, advancing credit continues to be the predominant activity.

In 1985-86, the primary agricultural credit societies disbursed Rs 2,600 crores as short and medium term loans. It is estimated that, by the end of March 1987, these went up to Rs 3,000 crores. The corresponding figure at the end of March 1951 was just Rs 22 crores.

The primary land development banks increased their long term loans from Rs 1.3 crores on 31 March 1951 to Rs 550 crores at end March 1986, and it has been estimated that the outstandings at end March 1987 were Rs 650 crores.

Clearly, the progress in the last three and a half decades has been substantial. At the same time, considering the Seventh Plan targets (Rs 6,040 crores of short and medium term loans, and Rs 1,030 crores of long term loans), it must be admitted that the progress recorded so far has been considerably below the projected needs and expectations.

Apart from not growing as fast as expected, the co-operative credit movement has, unfortunately, not spread evenly throughout the country. In some states, like Maharashtra and Gujarat, the growth has been good, while in others, like Bihar and Uttar Pradesh, the record of both growth and performance is dismal.

The major constraint faced by the movement is that of overdues. Mounting overdues have reduced the capacity of the co-operatives to extend further credit by depriving them of funds for recycling and affecting their eligibility to borrow additional funds from higher level financing bodies.

Regional variations. It is interesting to note that the percentage of overdues to demand raised, at the level of primary agricultural credit societies, has wide regional variations. Thus, in 1985-86, while the percentage of overdues in Manipur was 95, in Punjab, it was 14. The overdues percentage position for some of the other states was: Andhra Pradesh — 60; Assam — 3; Gujarat — 25.5; Meghalaya — 77; Nagaland — 70; Orissa — 55; Tripura — 65; and West Bengal — 57.

In the past, some state governments, notably Maharashtra and Tamil Nadu, simply wrote off co-operative loans on a large scale. This has considerably vitiated the climate for recovery right up to the present. Recently, the Haryana government also committed itself to substantial write-offs of loans to farmers. Though the Reserve Bank of India has expressed itself strongly against such a move — and probably the central government will also resist the step — it is expected that the Haryana government's move will succeed. This only highlights the political quagmire in which the co-operative credit movement finds itself.

Loans to the agricultural sector from various institutions aggregate over Rs 22,000 crores. The disease of remission, if allowed to spread unchecked, could ruin not only the financial institutions but eventually the interests of the agricultural sector itself.

In fact, the massive lock-up of funds in overdues and sick accounts in the agricultural and industrial sectors is a problem that needs to be tackled as an urgent national priority.

Bank of India CMD

Ad-hocism again

At last, after a gap of six months, Bank of India has a new chairman and managing director. The position was kept vacant all these months, after the sudden death of Tarkeshwar Tiwari. R. Srinivasan, chairman and managing director of Allahabad Bank, has been shifted from Calcutta to Bombay to fill this vacancy. He assumed charge in the last week of June.

Coveted posting. It is common knowledge among senior bankers that there was intense lobbying for this posting, since Bank of India is not only a leading bank among the nationalised banks, but it also has a reputation of being a placid, tension-free organisation, with an excellent customer-oriented work culture.

Bankers are not quite clear what tilted the balance in favour of Srinivasan. There was, after all, energetic and sustained campaigns for this plum appointment, conducted by several aspirants within the banking industry, assisted, as the case might be, by well-disposed ministers, politicians, bureaucrats and industrialists.

This appointment raises two important issues. First, why has no one from within the Bank of India been elevated to the top job in the bank? Secondly, what criteria does the government use to make the selection for top positions in banks?

In almost all the nationalised banks, insiders have often risen to the top after nationalisation, but this is not the case with the Bank of India. It must be said to the credit of top management functionaries of the Bank of India that notwithstanding these frustrations, they have performed well as a team, to make their bank a leading one among nationalised banks in several respects.

Nevertheless, the frustration exists. Many senior executives in the Bank of India who disagree with the new appointment point out two facts. Firstly, the Bank of India has a sizeable presence abroad and 50 per cent of its profits are earned there. Secondly, it has important responsibilities as a leading bank in Maharashtra. Thus, the officers feel, the government should have proceeded to select a more appropriate chief executive for the bank. This, of course, is in no way any reflection on Srinivasan, nor is there any feeling of hostility against him. In fact, he has been most correctly received and welcomed. But, the insult to the inside talent shown by the government over the years seems to be hurting. It has also created among senior managers a sense of insecurity.

Selection criteria. The other issue which has been raised is the methodology and criteria for selection, and this has deeper and wider implications. The question being asked is, why does the government not draw up a proper and suitable succession plan? The existence of a succession plan will ensure that when the top man goes, there is no void and, most importantly, continuity in the management will be ensured along with change. Aspirants will have enough time and adequate opportunities to equip themselves to the greater responsibilities of the top job.

Of course, all this is elementary and, therefore, one wonders what is the government's motivation in ignoring this basic requirement of having a strong succession plan in the banking industry. One bank chief suggested that the head of a bank — that is, the chairman and managing director — and his executive director — that is, his number two — should be appointed simultaneously, and the executive director should succeed the chairman and managing director on the expiry of the latter's term of five years. Thus, an executive should have a ten-year term in the top bracket, five years as executive director and five years as chairman and managing director. At the end of the term as chairman and managing director, the person may be appointed for one term on the board of directors of one or more of the public sector undertakings so that his experience and expertise can be harnessed.

Such an arrangement would also ensure that there is no politicking for the powerful and important posts of chairman and managing directors of banks.

An important side-light in the case of Bank of India has been that notwithstanding the absence of a chairman and managing director for six months, the bank's performance has continued to be creditable and in line with the projections. This raises an all to obvious question...

Aiding the weak

Remarkable performance

Banks in India have played quite a noteworthy role in supporting various programmes aimed at agricultural and rural segments as well as other weaker sections of society.

This was not always the case. In June 1969, loans made by scheduled commercial banks to the agricultural sector amounted to only Rs 188 crores. Of this, direct advances to farmers amounted to only Rs 64 crores. After the nationalisation of banks in 1969 and with the new emphasis which the banks were called upon to place on financing agricultural and allied segments, as well as other weaker sections, spectacular progress was achieved in the next 18 years. At the end of March 1986, total agricultural loans made by banks were Rs 9,075 crores, of which about Rs 7,000 crores were in the nature of direct assistance to the farmers. This last accounting for more than 125,000 borrowal accounts (about 50 per cent of the aggregate borrowal accounts). It is estimated that by end June 1987 the total agricultural advances have risen to almost Rs 12,000 crores.

Commendable work. Similarly, the banks have ably supported other programmes as well. The three most important programmes for assistance to weaker sections are the 20 point programme; the integrated rural development programme (IRDP); and the self employment scheme for the educated unemployed youth. At end March 1986, financial assistance of over Rs 7,100 crores had been provided to 140,000 beneficiaries.

While the programmes are well meant, there is considerable scope for improvement in their manner of implementation. Several bankers claim that they are making continuous efforts to improve and follow up the programmes. The lead given by the State Bank of India (SBI) is appreciated by almost all the banks, and [illegible] that the SBI [illegible] implemented. Those of the Canara and Syndicate Banks have also been appreciated.

Banks are also required to extend one per cnet of the credit at a concessional rate of interest of 4 per cent per annum to the weaker sections of society under what is called the differential rate of interest scheme. According to the latest data available, 5 million borrowers have been loaned about Rs 600 crores under this scheme. Interestingly, 40 per cent of the assistance under this scheme has been sanctioned to persons belonging to the scheduled castes and scheduled tribes, and about 67 per cent of the amount has been disbursed by the rural and semi-urban offices of the banks. Thus, it is obvious that the flow of institutional funds to the rural areas and weaker sections has increased considerably.

Today, of the total institutional funds going to the rural sector, commercial banks account for almost 60 per cent. And, banks account for 30 per cent of the total debt of rural households, as against about 1 per cent over three decades ago. By any reckoning, the performance is remarkable.

Phenomenal growth. It is also relevant to note that nearly 15 per cent of the bank's credit has been disbursed to support small scale industrial activity. The current value of the annual production in this sector is estimated to be around Rs 75,000 crores, of which about Rs 5,000 crores are exported (about 45 per cent of total exports). This sector provides employment to over 30 million persons. But for the support extended by the commercial banks, such phenomenal growth would not have taken place in the small scale industrial sector. At the end of March 1986, the loans made by scheduled commercial banks to small scale industries amounted to a little over Rs 7,800 crores. In June 1969, this was just around Rs 250 crores.

Thus, the assistance of scheduled commercial banks to agricultural and rural segments, as well as to weaker sections, deserves special mention and appreciation. However, the question of recovery of loans has also begun to assume alarming proportions. Of course, the problem of overdues is not confined to these sectors alone. In fact, the position as regards the overdues and recovery of large industrial loans is far more worrisome.

Publicity expenses

Hamstrung

For about five years now, banks have been under severe government imposed restrictions on the amount of money they can spend on publicity. Barring essential and unavoidable publicity expenditure on special occasions [illegible] undertake publicity expenditure individually. Publicity of a common nature is being looked after by a joint publicity committee of public sector banks, and on a restricted scale, at that.

Knowledgeable persons within banks are however fully aware that considerable sums are being spent in a devious manner whenever the managements wish to do so. But it is an undoubted fact that the restrictions have indeed curtailed genuine publicity efforts.

Largely ineffective. Take for instance the case of the much needed publicity for traveller cheques. For years now, there has been little or no publicity for their promotion. Similarly, even the campaigns for credit cards have been less than effective owing to the restrictions. In sharp contrast are the publicity campaigns of the foreign banks operating in India.

This ill-conceived move towards austerity, sought to be achieved through restrictons on publicity, has only ensured that banks are losing good potential business. For example, television as a medium as well as a tool for publicity, has gained an unprecedented reach in the last four or five years, but banks have made little use of it. Even in the area of social banking, publicity for the various innovative schemes has been totally inadequate.

Thus, a point has been reached where restrictions on publicity have become counterproductive from the point of view of both the banks' business, and customer service and satisfaction. In its 29th report, the Estimates Committee of the current Lok Sabha says, "The Committee does not feel satisfied with the steps taken so far by the Reserve Bank of India for publishing schemes of social banking under implementation in rural areas. Mere publication of 'Credit Information Review' in layman's language and its free of cost distribution among about 50,000 people in a vast country like India is hardly going to serve any purpose. The Committee, agreeing with the views of a non-official organisation, would like to observe that besides formal avenues of publicity like newspapers, pamphlets, etc, effective publicity of schemes of social banking could be through widespread personal contact between the bank officials (field staff) and the borrowers, viz, the target groups under each scheme. Besides, services of the modern publicity media like radio and television should also be made use of for propagating schemes amongst the target groups."

The Estimates Committee has thus highlighted the importance of publicity and how the banks can use it for more effective functioning. But, unfortunately the Reserve Bank of India and the banks do not seem to have paid any heed to it, at least so far.

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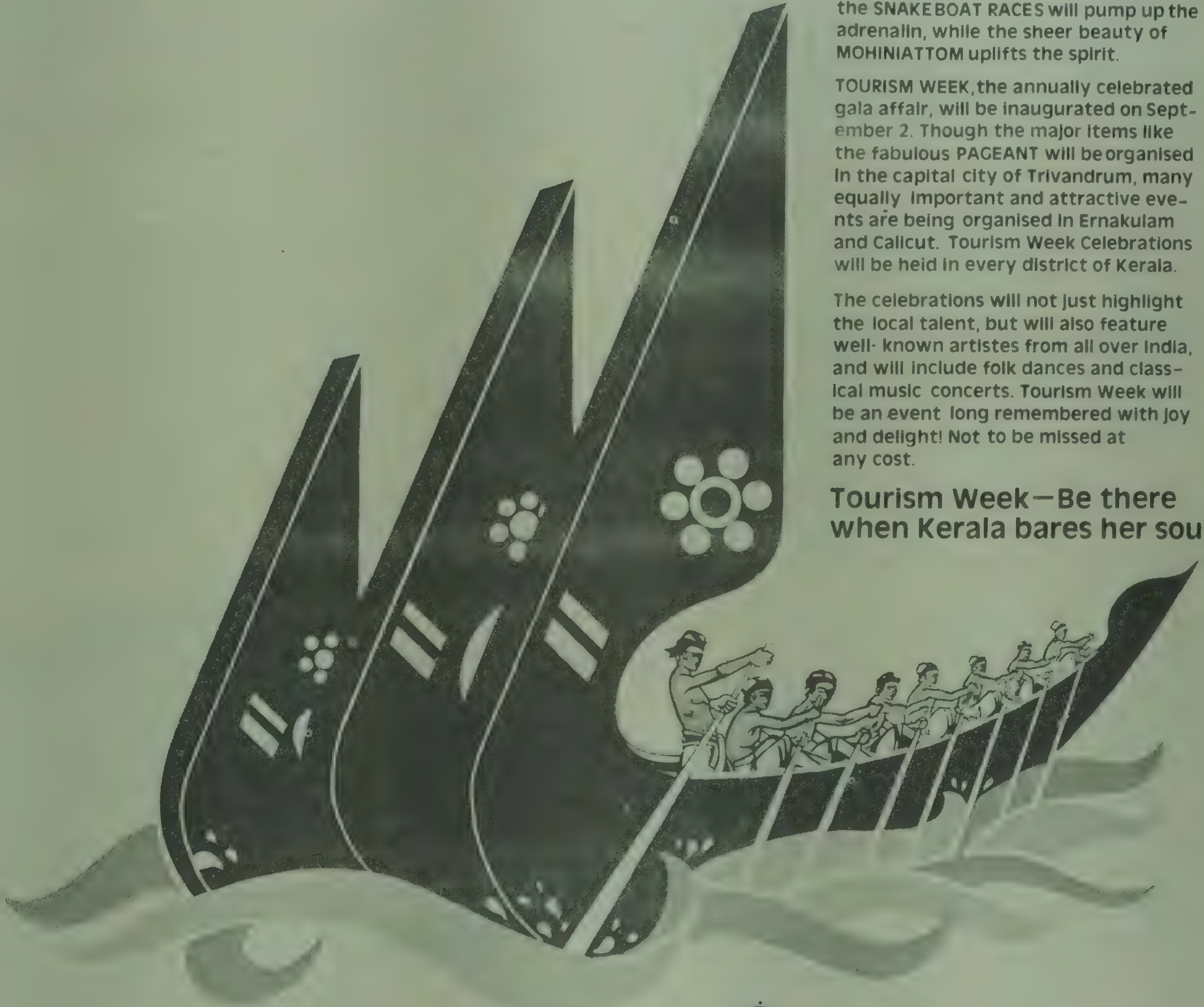

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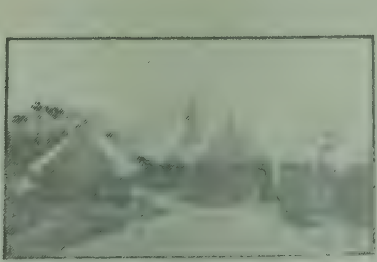

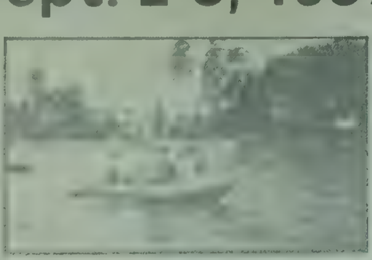

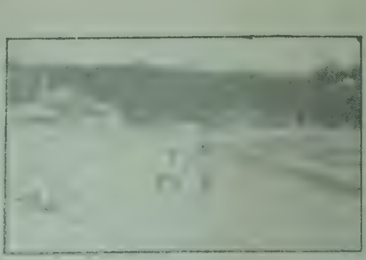

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- The turnover of the Company for the year 1985-86 stood at Rs. 853.98 lacs — expected turnover for the year 1986-87 is Rs. 1200 lacs.
- The Company's turnover is expected to cross Rs. 1600 lacs in 1987-88.
- The Company declared an 18% dividend in 1984-85 and a 20% dividend for the year 1985-86. The Company has recently paid an interim dividend of Re. 1per share.
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Issue open

Wanted — a viable policy

India's recently announced foreign trade figures for the year ended March 1987 show that the trade deficit continues its frightening upward march. This development should cause grave concern but, apart from a mild remonstrance from the Reserve Bank of India, there is no indication of anxiety in official quarters. The government's stance is self-congratulation that exports have grown by 20 per cent in the year, surpassing the target by 3 per cent. However, by accident or design, appropriate defensive measures have been quickly taken to cover the deficit by obtaining pledges of foreign loans of $4.8 billion and $5.2 billion (Rs 12,900 crores) for the next two years from the Aid India consortium. The country has again bought time till 1990 to set its trade balance right.

The figures of the country's foreign trade are shown in Table 1. What do the figures in the table convey?

Very simply, they signify that the country is living beyond its means. Granted that the compulsions of development call for imports of technology and capital goods. Granted too that the country's foreign exchange reserves of Rs 8,224 crores (on 1 May) representing 5 months' imports, are comfortably within safety levels. Admitted that exports increased by over 20 per cent last year, a commendable achievement in the current depressed and hyper-competitive state of international trade. Also conceded is that low international prices of primary commodities (which constitute a major portion of our export basket) and the declining value of the rupee combined to reduce our export realisations and increase the value of our imports.

That said, the situation still causes alarm because:

- India has totted up record deficits two years running — Rs 7,951 crores in March 1986 and Rs 7,513 crores in 1987. These follow 7 years of continuing trade deficits, though on a smaller scale.
- Our exports do not cover even two-thirds of our imports, leaving the gap to be bridged by external debt and expatriate remittances.
- Since 1971, our exports have increased 8 fold but our imports have surged 12 times, the latter accelerating all the while.
- Though exports increased by 20 per cent over 1986, this was a very depressed period. Compared with 1985, exports in 1987 increased only by 5.8 per cent or an average annual growth rate of 2.9 per cent. The corresponding increase in imports was 8.4 per cent. Imports are thus growing thrice as fast as exports.
- The deficit occurred even though there was a saving of Rs 1,400 crores in 1986-87 in petroleum imports alone due to the fall in oil prices, and substantial economies in imports of fertilisers, edible oils and non-ferrous metals.
- The reassuring quantum of foreign exchange reserves includes non-resident deposits of Rs 5,600 crores. Subtract these and we have reserves for only 6 weeks' imports. Add to this equation the repayment instalment of Rs 1,400 crores under the IMF loan next year and the scenario is very chilling indeed.
- Exports, which were expected to sustain economic growth over the last two decades, have been steadily declining in comparative terms. While our share of imports relative to world trade has doubled, our share of exports has halved as Table 2 shows.

Ideally, a country in India's situation should hold its foreign trade broadly in balance, cover its foreign debt amortisation from expatriate remittances, leaving other invisibles (shipping, airline, tourism earnings and service agencies' profit receipts) to cancel out the corresponding outflows. Instead, the country is living with a surging trade deficit bridged largely by foreign debt.

The basic survival rule of business, minuscule or mega-sized, is that cash in must exceed cash out. A cash deficiency is not solved by borrowing. Debt only postpones the day of reckoning; sooner or later, there must be a cash surplus and the more one borrows, the bigger that eventual surplus has to be. This rule holds good at a national trade level, the only variant being that it will suffice if cash in equals cash out. Papering over a trade deficit by borrowing abroad — even on soft terms — will not solve the problem.

What has to be done is clear: practise defensive purchasing ie, screen imports; launch a marketing offensive ie, promote exports. The strategies to achieve the first objective are discussed since defensive purchasing is easier, produces quicker results and is more responsive to reform.

- Imports of capital assets and production inputs should be curtailed in sectors where domestic manufacturing capacity exists. This is especially true of the TV industry (which accounted for exchange outflow of $300 million last year) and office photocopiers. Things have reached such a pass that the Secretary of the Department of Electronics has publicly urged the electronic industry to buy indigenous resistors, capacitors, diodes, integrated circuits PCBs and speakers. With a fully-integrated plant making office copiers, established with multinational collaboration, India is still swamped by imported Japanese photo copiers. BHEL's order book has shrivelled because of imports of heavy turbines from Japan for power-generation plants. Imports of fertilisers continued long after it was established that the domestic market was saturated. There can be no possible justification for favouring imports over the products of domestic plants established with massive investment in capital assets and human resources.
- Similarly, flawed planning has resulted in the import of primary agricultural commodities in the spot markets at high cost. Sugar production in India is a roller-coaster affair with alternating glut and scarcity, the latter being covered by imports. Edible oils also figure unnecessarily in the import bill. This year, rubber imports will drain a large amount of foreign exchange.
- The tendency to pander to the affluent urbanite has resulted in a flood of luxury imports like home-entertainment systems, personal computers and internationally branded cosmetics which involve exchange drain in the form of ckd kits for assembly or capital equipment for manufacture. The state of the country's trade deficit inhibits such indulgences.
- Future collaboration agreements with multinationals should incorporate buyback arrangements and definite schedules for indigenisation. The case of Maruti Udyog where the indigenisation process has been halted by product variation is an ominous instance of the way in which exchange haemorrhage can continue at the collaborator's behest.
- Imports of capital equipment should be confined to 'mother-machines' and acquisition of technology to that which is not domestically available. For instance, HMT has announced

Table 1

India's foreign trade

(Rs crores)
Year ending March

	1961	1971	1985	1987
Imports	1,140	1,634	17,171	20,063
Exports	660	1,535	11,855	12,550
Trade Balance	(—) 480	(—) 99	(—) 5,316	(—) 7,513

that it can now make CNC machine tools, but these continue to be imported under OGL. Again, units in the small scale sector should be encouraged to buy used imported machine tools from large industries who are upgrading their plant, instead of importing new equipment. Inducements can take the form of term loans from banks and institutions by liberalising conditions for used machinery acquisition and depreciation allowances at enhanced rates.

- Fiscal incentives in the form of cash support, and concessional interest on borrowings are presently granted only to exporters. Some incentives by way of subsidised interest rates and lower margins for borrowings against inventories should also be extended to firms producing goods which are declared import substitutes.
- Efforts should be made to increase the volume of bilateral trade with the Comecon bloc. Of these, only the USSR figures in the list of India's top ten trading partners. The volume of trade turnover with other industrially advanced Second World countries is small and stagnant — East Germany Rs 137 crores annually, Romania Rs 181 crores and Czechoslovakia Rs 193 crores. East Germany and Czechoslovakia have fine engineering traditions and can supply industrial equipment of high quality appropriate to our needs; Rumania has well-developed oil-exploration technology to offer. Besides the obvious advantage of economising hard currency outgo, our trade with these nations is almost in balance which is an incentive for a healthy exim relationship.
- The country's crushing deficit with the EEC is an area where defences have to be marshalled immediately. India's exports to the EEC account for only 1 per cent of the latter's imports. On the other hand, our imports from the EEC include many items for which domestic capacity exists — steel plate, machine tools and fertilisers. There is scope for scaling down such superfluous items and to launch a diplomatic-cum-business thrust on a continuous basis to persuade the EEC to buy more from India. Some part of this trade turnover should be placed on a countertrade basis; since international competition is hotting up and the EEC perceives itself as a competitor to Japan in Asian markets, it may prove amenable to such persuasion. Similar steps must be taken to reduce the imbalance with Japan before it gets out of control, as it otherwise inevitably will, with the appreciating yen and the several collaboration projects in India requiring regular import of production components and capital equipment.

Table 2

India's export ratios

Year	India's exports as a percentage of		
	World exports	India's imports	India's national income
1949	2.40	—	—
1961	1.05	57.9	5.0
1971	0.65	93.9	4.5
1985	0.43	69.0	6.8
1987	0.40	62.6	6.6

- Reduction of canalised imports through the STC and the MMTC should be considered. The corporations were established for the specific purpose of trading with the Comecon countries who were reluctant, for idealogical reasons, to deal directly with capitalist firms. The STC and MMTC have since expanded their exim operations but it is probable that the benefits resulting from the economies of their bulk-purchases are outweighed by leisurely decision-making, bureaucratic operation, lack of specialised market 'feel' and the complacency which inevitably results from the ability to transfer their pricing mistakes to the end-user. Manufacturers purchasing imported inputs on a cartelised basis can conclude harder bargains since they are motivated by the ultimate incentive — profit.
- Public sector manufacturing units are rapacious consumers of foreign exchange since they find import licences easy to obtain and their commitment to the bottom line is less than obsessive. It should be enjoined that, apart from special corporations established exclusively for manufacture based on imports, eg, Hindustan Aeronautics, public sector companies will be allowed to import only if they export at least an equivalent quantum.
- As a long-term exchange conservation measure, oil exploration should be intensified. The year of cheap oil is past; with the stabilisation of the benchmark price at 18 dollars a barrel, the oil import bill will rise again, the more so with an additional demand of 4 million tonnes projected this year. Indian oil production has levelled off at 30 million tonnes annually, and with demand forecast at 55 million tonnes by the end of the current Plan, it is imperative to reduce dependence on imports.

The Indian government's objectives in launching a liberalised import policy were conceptually flawless: to contain inflationary pressures by cheap imports; stimulate competitiveness, and thus efficiency in industry; give the consumer a better deal; and upgrade technology. Sadly, the Indian economy is not responsive to conventional therapy and at least the first three goals have not been reached. Pampered by forty years of protection, Indian industry was neither mentally nor technically equipped to take on foreign competition. Selling prices were not reduced but inventories were accumulated, tying up scarce bank lending resources. The 'hard sell' replaced improved product value. The consumer has a wider choice now but a very expensive one in terms of real income as pricing is based on foreign currency conversion to rupees plus import levies. Excess production capacity has been created in automobiles, fertilisers, cement and consumer electronics; since there was no general percolation of prosperity, the expected demand surge did not materialise and a recessionary trend is emerging.

Some measure of temporary protection is essential now to allow Indian industry to regroup its forces, improve its production techniques and enhance its managerial skills. Admittedly, it has done nothing to deserve this dispensation as it has wasted the opportunities offered by four decades of insulation from the hard outside world and done little to enhance its productivity, efficiency or quality. However, there is simply no other short-term alternative; the other option is a slide into recession which would jeopardise employment and capital investment in the existing factories and new plants being established.

The government should stipulate that this protection is only temporary and comes with a price tag: a system of price controls. The Indian manufacturer's record of passing on cost-benefits to the consumer is very dubious, MODVAT being the obvious recent example. The price-control system should be administered by a single central authority, similar to the Office of Price Administration established in America during the second world war. The authority, composed of a representative panel of economists, industrialists, public and civil servants, will review prices half-yearly based on the appropriate economic indices to provide a return of 10-12 per cent on capital employed.

The IMF diktats which will then descend have to be resisted. Already, strident calls are heard from this body and the World Bank that India should further relax import and licensing controls. For two years, the country has followed a liberal import policy and has only two whopping deficits to show for it. The revised policy envisages, not a cessation of imports, but only their regulation to better serve the country's needs. The restructured import policy is no more violative of free trade principles than an unbridled trade deficit. The stage of solving the problem by smoke and mirrors, by the quick fix of increased foreign debt, has passed. The crisis on hand demands harder options.

S. V. KUMAR

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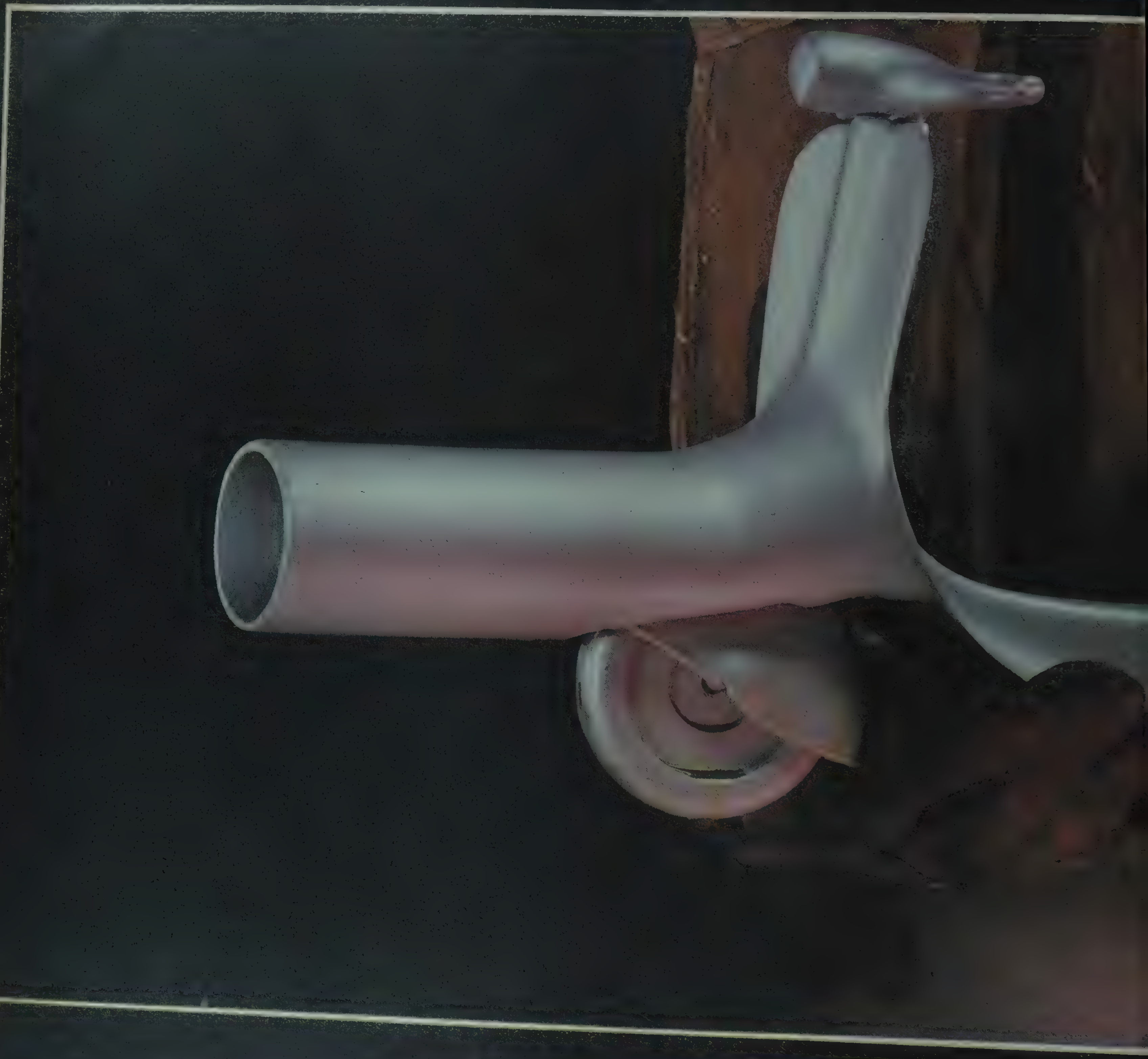

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EP DRUGS

Industry's last stand

The medical-industrial complex, which has been so aptly described as the unholy alliance between the medical profession and the pharmaceutical industry, appears to be congenitally incapable of learning from error. Its unhealthy preoccupation with the female reproductive system, and in particular the liberties it has taken in this area, have resulted in a string of disasters including Thalidomide, the Dalkon Shield, the Copper T and Depo Provera. And now, if the government succumbs to pressure and revokes its ban on high dose oestrogen-progesterone (EP) formulations, this drug will almost certainly be the next addition to the list.

Oestrogen and progesterone are two synthetic hormones which, in low dose combinations, are widely used in contraception and in the treatment of certain gynaecological disorders. The quantities involved are minute: 0.03 to 0.05 mg of oestrogen and 0.3 to 0.5 mg of progesterone. Over two decades ago, pharmaceutical companies introduced high dose combinations of these drugs, in concentrations a hundred times higher than those used in contraceptives. A single injection of EP Forte (manufactured by Unichem Laboratories), for example, contains 3 mg of oestradiole benzoate and 50 mg of Progesterone. These high dose combinations were marketed for use in the treatment of amenorrhea (the abnormal absence of menstruation) and as a hormonal pregnancy test.

As early as 1967, medical research indicated that foetal abnormalities could be associated with the use of hormonal pregnancy tests. Subsequent studies helped establish a clear link between the use of high dose EP drugs during pregnancy with congenital malformations including limb, renal, oesophageal, tracheal, neural, and cardiac defects. By 1970, following warnings by governments or their outright ban high dose EP drugs started being withdrawn from the European market. Norway and Sweden were the first (1970), followed by Finland (1971) the US, Australia, Ireland, the Netherlands and the UK (1975), Singapore, Australia, Belgium and Italy (1978) and Greece (1980). Others, including New Zealand, Thailand, Saudi Arabia, Venezuela and South Africa, soon followed suit.

As early as 1967, medical research indicated that foetal abnormalities could be associated with the use of hormonal pregnancy tests. Subsequent studies helped establish a clear link between the use of high dose EP drugs during pregnancy with congenital malformations

In 1981, the World Health Organisation put out a warning on the hazards in using high dose EP drugs for pregnancy tests. It was then that the Drug Controller of India decided to hold consultations with a number of gynaecologists to determine whether India should also ban the drug. These doctors apparently argued that the countries that had imposed the ban had done so only because they possessed better pregnancy detection techniques, which was not the case in India. On their advice, the Drug Controller proposed a truly remarkable compromise: high dose EP drugs could continue in use for pregnancy testing provided manufacturers printed a warning on the package stating, "... these should not be used during pregnancy or for pregnancy diagnosis."

The Indian Council for Medical Research (ICMR) however put an end to the confusion when in May 1982, it unequivocally recommended that the drug be banned. Besides pointing to the risk of using the drug during pregnancy, the ICMR clearly stated that it was completely unnecessary, "even for the treatment of secondary amenorrhea since other substitutes are available in the market". But, in order to ban these drugs, the government had first to amend the Drugs and the Cosmetics Act, which it did in late 1982. The health ministry's ban order cited three reasons: the drug had been banned elsewhere, safer alternatives were available and that despite the warning, high dose EP drugs were misused by doctors in pregnancy tests as well as by an illiterate public who regard it as an abortificient.

Pharmaceutical companies have challenged the ban on three counts: that the order was issued prior to the amendment of the Act and therefore not binding; it was passed without hearing the concerned parties and thus violative of natural justice; and, that it was discriminatory and violative of the companies' fundamental right to conduct business. The Bombay and Calcutta High Courts accordingly, stayed the ban. As a result, to this day high dose EP drugs continue to be manufactured and sold, their sale in 1987 netting the companies over Rs 7 crores.

EP formulations currently sold

Lut Estron Forte (Mac.)
Menstrogen (Organon)
Disecren Forte (Nicholas)
Orgaluten (Organon)
Primolut-N (German Remedies)
Oestrone (Lyka)
Cycelnorm (M.P.I.)
E.P. Forte (Unichem)
Iymoral (Organon)
Orasecron Forte (Nicholas)
Voldys 21 (Glaxo)
Dueluton (German Remedies)
Norlestrin (Parke Davis)
Gaestaplon (Khandelwal)
Seorodyl (Allenburys)

On a writ petition filed by a public interest lawyer, V. Panikulangara, for directions to the government to have the stay vacated, the Supreme Court in November 1986 ordered the Drug Controller to take a final decision in the matter within a period of 6 months. He was also instructed to hold public hearings on the issue before arriving at any decision. Four hearings were held in major cities the last of which was in Bombay on 14 July.

The pharmaceutical industry's submissions, quite predictably, questioned the validity of the research findings linking foetal abnormalities to the use of EP drugs. While conceding that these drugs were being widely misused, industry spokesmen reiterated its usefulness in treating gynaecological disorders. This was in complete disregard of arguments put forward by the ICMR and several voluntary organisations that safer alternatives existed.

Having exhausted all 'arguments' for lifting the ban, industry then sought to appeal to the Drug Controller's emotions. Unichem mobilised its workers to make a submission to the effect that they would lose their jobs if the ban was not lifted. But atleast on this point they really needn't fear. If there is one thing the drug industry can be relied upon, it certainly is in finding remedies for its own ailments. It will be just a matter of time before these companies come up with yet another batch of questionable drugs, and till the next lawsuit or public enquiry, it will be business as usual.

ARUN SUBRAMANIAM

SKYSCRAPERS

Towering infernos

6 June 1983. *Fire breaks out in Gopala Towers, a 13 storey building in New Delhi. People in the skyscraper are caught unawares as the fire spreads quickly, unleashing terrible heat and thick clouds of smoke. Emergency exits are blocked. Fire protection systems in the building are either absent or just refuse to work. Over 30 fire engines rush to the scene, but the water cannot be pumped up beyond the ninth floor. Terror stricken, people scream and wail for help which does not seem to be forthcoming. In despair they dash to the terrace of the building. With rescue operations in disarray, a seat-of-the-pants approach is ordered. Helicopters are pressed into service to rescue nearly 500 people now trapped on the terrace. Only six can rescued as the copter operation has to be stopped: the draught effect of the helicopter only fans the fire further. For the others, providence comes to their rescue in the form of Pragati Towers — an adjoining skyscraper. An 11 metre long extension ladder serves as a make-shift bridge, and hundreds trudge stupefied from one building to another at that dizzy height, clinging on for dear life. A fireman loses his life saving one of the hapless victims.*

Cut to 29 June 1987. Lights on. Start sound. Camera. Action.

The 12 storey Ansal Bhavan erupts into a towering inferno. Being Monday morning, thousands are at work; and they get the shock of their life when they see hot black smoke billowing out from the fifth floor. Panic buttons are pushed again. Over 40 fire engines are pressed into operation, but there is not enough water. **Action replay.** *The fire escapes are choked with garbage once again; the panic-stricken occupants rush to the terrace. Meanwhile someone remembers the "bright" idea — enter, once again, the helicopter. A few helpless persons are rescued by the copter, but once again the rotor blades of the helicopter fan the flames and it is withdrawn. Now rescue operations are left to the ingenuity of a few courageous by-standers who, using a crane-pulley and trolley, build a make-shift aerial bridge, and rescue nearly 60 persons. By evening, the firemen have rescued others trapped in the building. Three persons are killed, one crashing to death from the eighth floor after an abortive rescue attempt.*

Cut. Next take. Lights. Camera. Action. *An enquiry is ordered into the incident... well, that rings a bell.*

Flashback to 22 January, 1986. *The 173 page report of the Inquiry Commission on India's worst high-rise hotel fire — the Siddhartha Hotel blaze — where 37 died. Checked in as valued guests, 36 check out as grisly corpses. The investigation report highlights the utter lack of fire safety standards in high-rise buildings and the callous attitude of all the actors in the drama — builders, occupiers and regulatory bodies. Urgent action is recommended.*

Cut. Pack up.

Theatrical though all these may sound, these are not sequences from a 13-episode Doordarshan serial. It is the real thing, disasters which have taken place in the capital city of our country. The plot, the story line, etc, remain similar; only the victims assume new names.

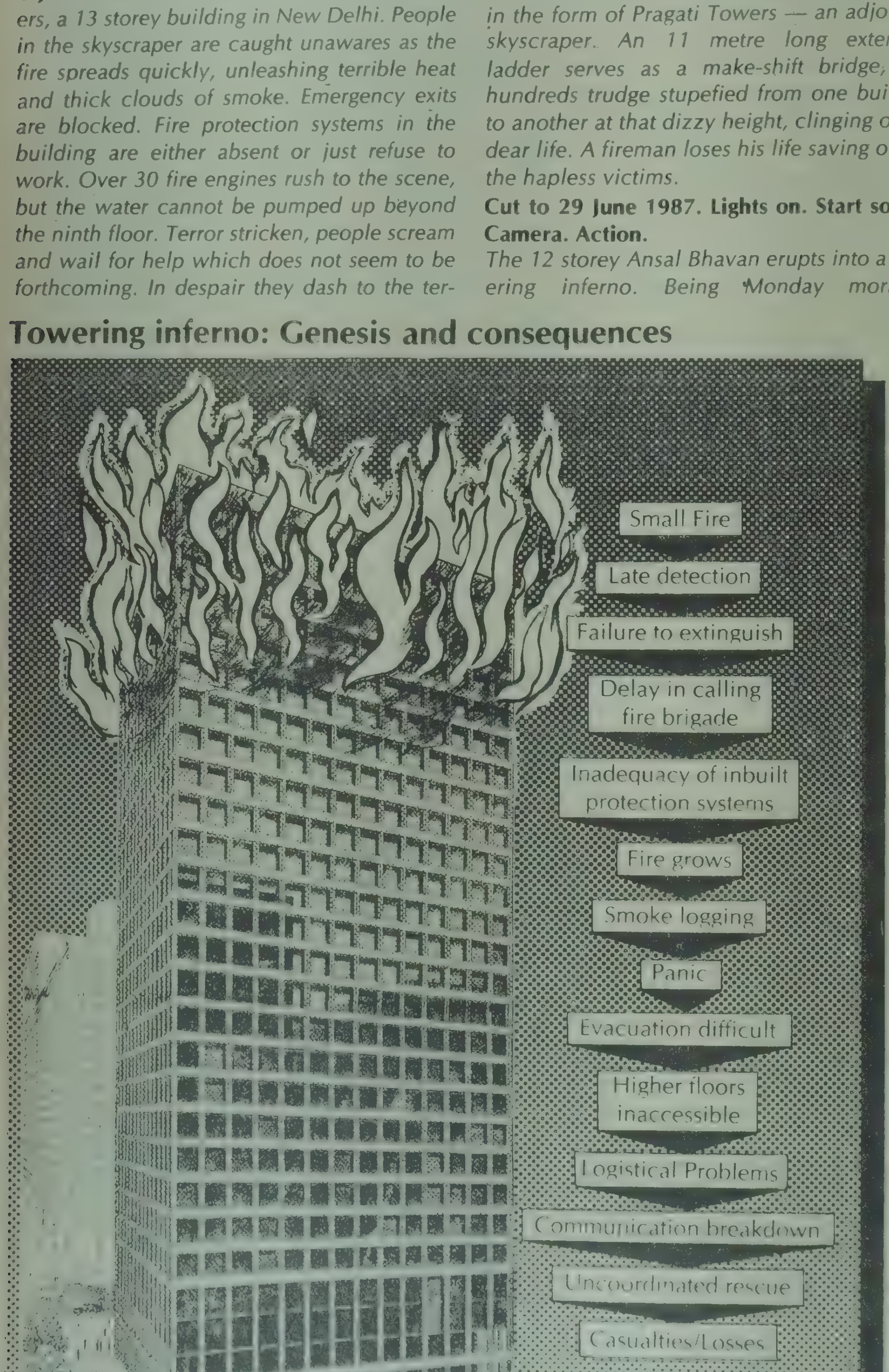
One of the earliest skyscraper fires was in 1882, involving the World Building at Park Row (US), which claimed 12 lives. Thereafter, each fire taught new lessons and there was a constant effort to upgrade fire safety technology.

Here in India, however, while we copied the western high-rise life-style, we turned a blind eye to the painful lessons that they had learnt over the years. Perhaps, for us, "seeing is believing" and we waited for disasters to strike before we would let ourselves be goaded into action.

The first warning shots were heard, predictably, in Bombay — the city of skyscrapers in India. In 1972, a devastating fire destroyed the 21 storey State Bank of India building. It exploded the myth that then existed: that concrete buildings could not burn. After this inferno, the government constituted an official inquiry committee — the Modak committee

Though this committee made some power-

Towering inferno: Genesis and consequences



ful recommendations for fire prevention in high-rise buildings, the influential builders' lobby managed to get another committee appointed. The revised recommendations (now mandatory in Bombay) overlooked several important suggestions of the Modak committee. No wonder then that in the last four years, it is estimated that Bombay has witnessed nearly 190 high-rise fires, resulting in a loss of approximately Rs 4.7 crores.

Besides Delhi and Bombay, other major metros have also seen some traumatic fire incidents. For instance, in 1975, the 14 storey LIC building was destroyed in a fire. This was followed by a fire in Calcutta's Jeevan Deep Building in 1979 which gutted six floors. It can be safely presumed that this trend will continue as the race for building high-rises continues. Today, Bombay has nearly 500 high-rise buildings, followed by Delhi and Calcutta with over 350 and 250 tall structures respectively. In tow are Madras and Bangalore.

That there is growing awareness of the need for, and the nature of, fire safety measures in skyscrapers was evident at a seminar on "Fire Safety in High-Rise Buildings" held in Delhi on 30 June this year. Ironically, a day earlier Delhi had witnessed the Ansal Bhavan tragedy. At the seminar, V. K. Mody, managing director of the Loss Prevention Association of India (LPA), set the ball rolling by stressing that high-rise fire problems arose out of the absence of comprehensive legislation, poor design, layout and construction (from the safety angle) and the lack of training and preparedness to detect, communicate and manage fire emergencies. The minister of state for home, C. Panigrahi, substantiated this by stating in his inaugural address that 200 skyscrapers in Delhi did not have adequate fire fighting facilities.

Gopala Towers: bungled rescue operations

The seminar, which elicited participation from various experts, including S. K. Dheri, chief fire officer of the Delhi Fire Service, sought to highlight the lessons learnt from high-rise fires worldwide. Among other things, certain unique problems characteristic of tall buildings were deliberated upon, namely:

- improperly designed buildings;
- lack of accessibility due to height, window design, etc;
- inordinate delays in evacuation of occupants;
- potential for "stack effect" which aggravates problems of smoke control and ventilation;
- logistical problems, ie, up and down movement without elevators or lifts to evacuate victims;
- breakdown in communications and uncoordinated rescue operations;
- virtual absence of fire protection systems within buildings;
- limitations of fire fighting equipment reaching beyond the twelfth or thirteenth floors;
- lack of safety education among occupants, resulting in panic and confused behaviour;
- and, absence of strict laws and weak enforcement.

The best way to handle a high-rise fire is not to have one in the first place. Prevention is indeed the best cure. Once a fire spreads in a high-rise, it becomes well nigh impossible to extinguish it quickly. This is because high-rise fires have to be fought from inside the building.

Says Dheri, "It is very difficult, or if I may so, rather impossible for even the most well-equipped and well-manned fire brigade to rescue such large numbers in the time available in case of a serious fire. The fire services now have tall ladders, snorkels, turntable ladders, etc, but the height which they can reach is limited since the buildings are now much taller and often beyond the reach of such ladders. It must also be understood that rescue by such appliances is a rather slow process and there are also hindrances in suitable approaches, positioning of appliances at correct locations, projections, unbreakable window panes, etc."

The message is clear. The primary emphasis should be on designing, constructing and maintaining fire-safe buildings; providing inbuilt fire detection and fire protection systems; and educating the occupants on fire prevention and control. But, in the absence of comprehensive regulations or a long term national strategy, one wonders whether any progress can be made towards fire safety. This certainly needs to be backed up with an effective fire fighting and enforcement infrastructure.

In this connection it is heartening to note that Delhi has promulgated the Delhi Fire Prevention and Fire Safety Act, 1986, which came into force in March this year. Hailed as the only legislation of its kind in India, it aims to curb violations of fire safety measures in high-rise buildings. The Act enpowers the Delhi Fire Service to penalise offenders with fines of upto Rs 50,000 and/or imprisonment upto six months. Chronic offenders can be fined upto Rs 3,000 for every day that the offence continues. Certain conditions, numbering 12 in all, for fire prevention measures have been laid down for these buildings (see Box).

Interestingly, after the Ansal Bhavan fire, the Delhi fire chief has declared, rather bravely, that after a six-month notice period all buildings classified as unsafe may have to face closure. One hopes Delhi sets a bold example; but in spite of the new regulations, one suspects that the authorities may one again have to succumb to pressure, and the new act may meet the fate of earlier similar public interest legislation.

A. SUSHIL KUMAR

Pioneering legislation

The Delhi Fire Prevention and Safety Act, 1986, came into effect from March 1987. The Act provides for regulating fire safety provisions for multi-storey buildings at the time of sanction or completion. The Act gives powers to officers of the Delhi Development Authority (DDA) to inspect and give necessary directions to provide fire safety measures for buildings constructed on or before 1983 or under construction.

Some of the important provisions of the Act, which applies to all buildings of a minimum height of 15 metres, are:

The minimum standards for fire safety will be evaluated on the basis of at least 12 parameters which include means of access; underground/overhead water static tanks; automatic sprinkler systems; first-aid hose reels; fire extinguishers with ISI certification marks; compartmentation; automatic fire detection and alarm systems/manually operated electrical fire alarm system; illuminated exit-way marking signs; public address system; alternate source of electric supply; fire lift with fireman switch; and wet-riser down-comer system.

Where any building or premises is owned or occupied by more than one person, the responsibility for providing the fire safety and fire prevention measures will be shared in proportion to the area occupied or owned by individual owner or occupier as the case may be.

The chief fire officer will have the powers to seal the premises in case of violation of rules.

KELTRON POWER DEVICES LTD

Mismanaged beyond repair

Where would you find a company that dawdles over raising finances, then defaults in repaying its loans, runs into time and cost overruns, imports ineptly, overconsumes raw materials, fails to sell enough of its products and accumulates losses that exceed its paid-up capital by over two times? No, not just in a management textbook as a case study. This is what the Comptroller and Auditor General of India says in his latest audit report on Keltron Power Devices Ltd (KPDL), a company of the Keltron group.

KPDL was incorporated in 1976 and became a subsidiary of the Kerala State Electronics Development Corporation Ltd (KSEDC) three years later. When it knocked on the doors of IDBI, IFCI and ICICI, these institutions declined term loans since they had doubts about the structure of the organisation planned and its marketing and pricing policies. KPDL came up with a revised project report in July 1978, projecting an annual production of 0.8 million transistors with an investment of Rs 135.29 lakhs. And before it got enough funds, the company plunged into the project and spent about Rs 72 lakhs. It then had to head for a Trichur bank for a loan of Rs 50 lakhs at an interest of 14 per cent — 2 per cent higher than the rates of the financial institutions. KPDL thus ended up paying Rs 1 lakh per year more than it had planned for.

Paucity of funds also caused KPDL to delay importing plant and machinery. This pushed the start of commercial production beyond the targeted date in 1979 by one year. Meanwhile, the final expenditure on the project had come to almost Rs 177 lakhs, well beyond the original investment estimate.

All these snags marred the company's production performance. Though production of chips was slated to begin in 1980-81, KPDL could start making them only by August 1982 This was because it had no money to take delivery of equipment. Moreover, it has not yet been able to develop the BU 205 type of chip as envisaged in the revised project report.

In each of the six years from 1980 to 1986 KPDL's actual production has been below target. In 1985-86 it produced only 934,000 units against the budgeted 2.8 million.

Needless to say, KPDL's working results are dismal. The project report projected a loss of Rs 20.76 lakhs in the first year of operation at 50 per cent capacity and a loss of Rs 17.36 lakhs in the second year at 60 per cent capacity, after which it would start making profits. The company however, has been piling up losses since its inception. By 1986 these had accumulated to Rs 426.16 lakhs (KPDL's paid-up capital, excluding share capital advance, is Rs 167.46 lakhs).

One cause for this, according to the comptroller, was the low offtake of KPDL transistors by the Keltron group. The company had also not fixed minimum annual offtake levels for its sole selling agent, KSEDC. Another reason for the poor results was that the company consumed more chips than needed for its total production of transistors. This excess consumption because of rejections came to Rs 44.71 lakhs worth during the six years ended 1986. Notes the comptroller: "The reasons for heavy rejections were neither analysed nor measures taken to control such rejections."

KPDL's diffusion process (manufacture of chips from wafers) was also inefficient. Where 100 chips should have been produced from a single 3-inch diameter semi-conductor grade silicon wafer, KPDL could reach an average level of only 58. At the rate of Rs 68.28 per wafer, the loss from this overconsumption was Rs 6.93 lakhs. In this case too, according to the comptroller, the company did not analyse its failure.

These snowballing losses made the company rush to the Kerala government with a revitalisation scheme in March 1984. Though the government approved the scheme, it did not allot the required funds. Soon after, in October 1984, a Kerala government committee that studied the Keltron group recommended the amalgamation of KPDL with Keltron Rectifiers Ltd (KRCL). This was to rationalise and consolidate manufacturing facilities and manpower. Interestingly, the comptroller points out, IDBI had recommended such a merger twice before, in September 1977 and January 1978. But KPDL rejected the suggestion then, saying it would not help. According to the comptroller it was the continuing losses that made KPDL rethink and approve the proposal in January 1985. But, oddly, it soon felt that a better idea would be to merge both KPDL as well as KRCL with the holding company, KSEDC. This idea has not been taken up.

The comptroller also points out two other avenues of loss for KPDL. One was the delay in returning defective chips to a Singapore firm from which it had imported a total quantity worth Rs 4.06 lakhs. The company's tardiness made it lose duty drawback of Rs 0.78 lakhs.

The other loss came from its deal with a French company for the supply of 50,000 silicon power transistor chips. Since this firm did not supply in time, KPDL's purchase committee decided to cancel the order. But the company's management failed to implement this decision and so found itself saddled with the French consignment when it had meanwhile ordered the chips from two US firms. The landed cost of the French product, including customs duty, worked out to Rs 7.02 per chip against the Rs 3.33 of one American company. This set KPDL back by Rs 1.85 lakhs.

The comptroller's report reveals the company to have been severely hampered by feeble financial management, sluggish and slow to react to the changing market environment and singularly devoid of the ability of any critical analysis and monitoring.

K. G. KUMAR

Working results of KPDL

	1980-81		1981-82		1982-83		1983-84		1984-85		1985-86	
	As per project report	Actuals	As per project report	Actuals	As per project report	Actuals	As per project report	Actuals	As per project report	Actuals	As per project report	Actuals
Income	39.00	15.25	97.20	66.69	123.00	52.41	144.00	49.77	144.00	168.24	144.00	103.21
Expenditure	59.76	76.33	114.56	126.85	110.28	130.74	118.90	132.43	116.95	216.44	11.540	204.94
Profit (+)/ Loss (–)	(–) 20.76	(–) 55.08	(–) 17.36	(–) 60.16	(+) 12.72	(–) 78.33	(+) 25.10	(–) 82.66	(+) 27.05	(–) 48.20	(+) 28.60	(–) 101.73

Source: Report of the Comptroller and Auditor General of India, 1985-86

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- Footwear-Casual/PVC/Canvas and other synthetic material covered uppers
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PUBLIC RELATIONS

Widening horizons

Not too long ago, all our major ad agencies were scrambling around for tie-ups with the international biggies in advertising. That exercise over, the agencies have now begun a new one. One after the other they are setting up divisions or subsidiaries to handle corporate public relations (PR) and, wherever possible, tying them up with the PR subsidiaries of their international associates.

The first in was OBM, which set up Ogilvy and Mather Public Relations. This division can draw on the resources of O&M PR Group, the world's third largest public relations agency and a subsidiary of Ogilvy & Mather Worldwide. The PR division of Corporate Voice Pvt Ltd, an associate of MMA (South) reactivated itself a year ago. Trikaya, an associate of Grey Advertising, set up a PR division — Profile — a few months ago and has plans to tie up with GreyCom International, another biggie in the business. HTA will soon make a debut, hand-in-hand with Hill and Knowlton, the world's second largest PR agency and a subsidiary of J. Walter Thompson.

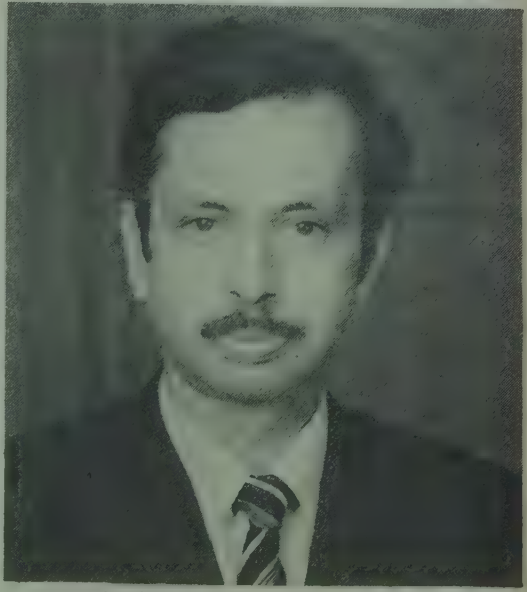
Numero uno Burson Masteller has been eyeing the Indian market for some time. Unfortunately for it, its parent, Young and Rubicam, does not have an Indian associate. So, Burson Masteller has associated itself with Roger Pereira, Shilpi's ex-managing director, who has set up his own consultancy. In the wings are Speer and Chaitra, whose PR divisions should open up in a few months.

Why all this sudden interest in PR? Ad agencies maintain that they are trying to provide complete communication services to their clients who are now looking to address more and diverse sections of the public. PR practitioners concur that this newfound need to communicate stems from corporate fright. Faced with increasing competition in consumer markets, financial markets and even in recruitment markets, companies are waking up to the fact that they not only have to sell their products but also themselves to stay ahead. And ad agencies, with years of experience of selling products, feel they have a natural handle on selling the producers. But do they, and is that what PR is all about?

As anyone in the business will tell you, corporate PR basically entails communicating relevant information about the business to the various stakeholders that a corporation is accountable to as well as those people who can influence the environment in which it operates. These include the corporation's own employees, its dealers, shareholders, bankers, customers, the media, government and society at large. Of course, corporate PR can take on all these dimensions only when corporations, or rather their managements, see themselves as being accountable to all these stakeholders. Unfortunately, this has not been so and, as a result, management's view of PR has been somewhat myopic.

As Ravi Shyam, Peico's corporate communications manager and chairman of the western region chapter of the PR Society of India tells it, "PR men have generally been seen as Mr Fixits — they have been called upon to fix appointments with ministers, bureaucrats and the press as well as fix hotel bookings and gas and telephone connections. And whenever there is a crisis, with the press, the government or the general public, the managements order their PR people to find a remedy. And even the remedies expected and accepted are more in the nature of short-term fire fighting exercises rather than long-term preventive campaigns." Adding insult to injury is the fact that PR people are expected to act as one-stop hospitality centres for both managements and the parties that serve the former's narrow self-interest. "I constantly hear bitter complaints from fellow PR managers who are called upon to act as travel agents, bell boys, Santa Claus and even social secretaries to the MD's wife," reveals Kishore Hattangdi, corporate communications manager of Union Carbide India Limited.

But, as both Hattangdi and Shyam will testify, the approach is gradually changing. "The World PR Congress, which was held here in 1982, contributed significantly to altering general perceptions of the profession," says Shyam. "The very large number of senior executives who attended it had the opportunity of listening to eminent professionals from all over the world. I think that helped them to appreciate the scope of PR and what it could do for their business." But far more than the World Congress, or the efforts of the professionals in the business, it is the increasing competition in the market that is really tuning management in to PR.

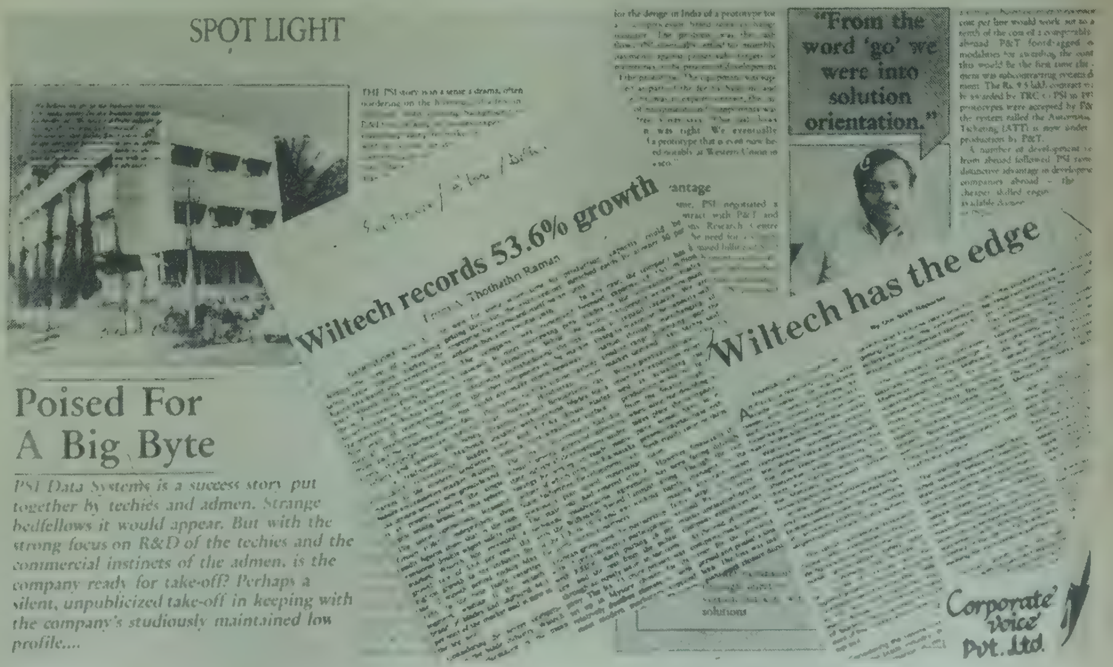


Hattangdi: the "travel agent, bell boy, Santa Claus" image is on its way out

CAPITAL MARKET BOOM

The first real boost to the business came as a result of the boom in the capital markets. Both old and new companies entering the market had to compete for investor attention. Companies began to realise that it was not enough to be seen as makers of a product," says S. R. Ayer, managing director of OBM. "Investors wanted to know about companies as a whole."

Corporate advertising, investor conferences, broker conferences and press confer-



SPOT LIGHT

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Wiltech records 53.6% growth

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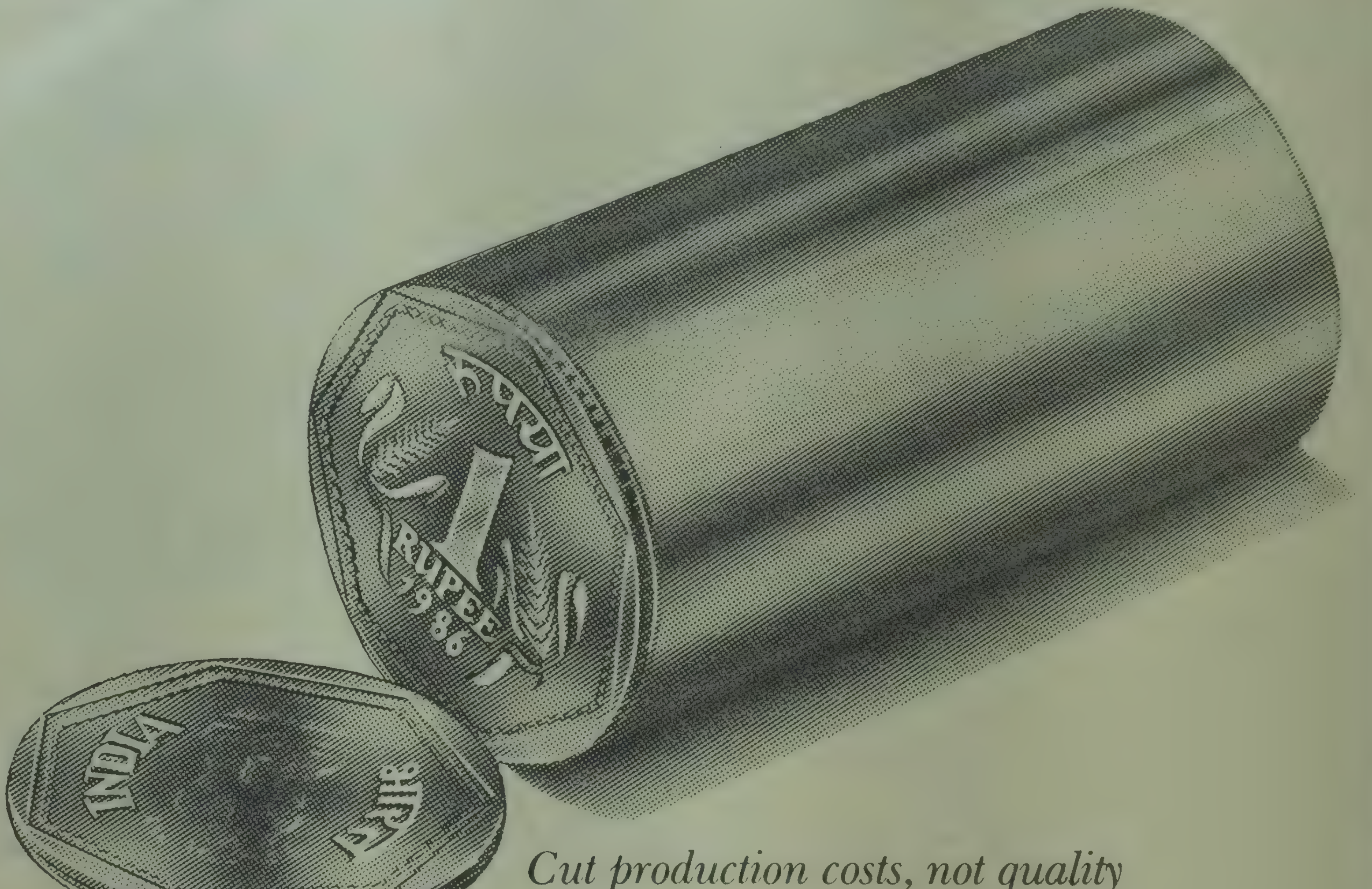
Wiltech has the edge

Companies see press coverage as a fundamental part of corporate image building



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Cold Circular Saw
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Technical Data

Cutting capacity —		
round max. dia.	:	230 mm
square max. side	:	210 mm
Power of motor	:	7.5 KW

Cobra Hacksaw
They come in two versions — the Cobra 9 and the Cobra 12.

Technical Data	Cobra 9	Cobra 12
Cuts round dia.	225mm	300mm
square side	200mm	300mm
Power of motor	0.75KW	1.5 KW

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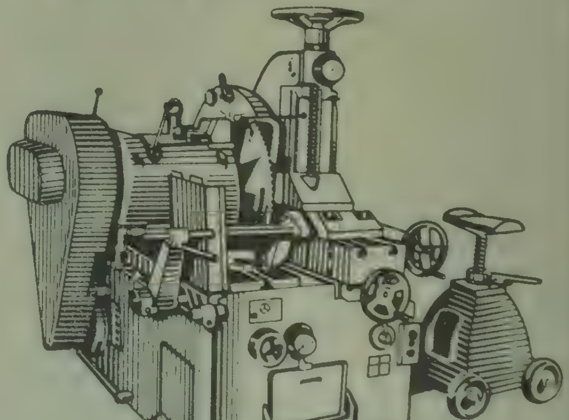

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ences became the order of the day. Even those companies that had internal PR set-ups felt that these were inadequate to handle such activity. Consequently, they all turned to outside agencies. Though many of the ad agencies tried to cash in on this business, two of them — Pressman and Sobhagya — managed to dominate it.

The boom in financial PR might be over but the business definitely hasn't gone bust. Once the current depression in the stockmarket lifts, companies will come back to tap the markets. And they will have to project themselves even better to attract the now wary investors. As Ayer says, "Good financial communications are now a prime need for companies."

It is really this angle of business that caught the attention of the ad agencies in the first place. The "full service" line that all of them are now touting, as the *raison d'etre* for their new activity, translates as corporate advertising backed by corporate image building. Improving press relations, helping companies interact more effectively with the media, and helping them to develop a good corporate citizen image are the tasks that the new PR agencies are currently focussing on.

GOOD PRESS RELATIONS

The perception that establishing good press relations is basic to building a good corporate image is very evident when one looks at the staffing of the new agencies. Both OBM-PR and Corporate Voice are managed almost entirely by ex-journalists. Capital Contacts, another new PR agency, but one unliked to any ad agency, is similarly manned. Its the old boy network that is being cashed in on. But, in all fairness, one must concede that while the networks are an asset the agencies do and will drawn upon, it is not something they intend to exploit. "We tell our clients very clearly that we will not create, manipulate or kill stories," says T. C. Ajit, manager OBM-PR.

"This tendency of companies to look to PR agencies for media relations services and of agencies to be largely staffed by ex-journalists is an internationally common phenomena in the initial stages of the business," says Bob Leaf, chairman of Burson Masteller International. "Companies soon recognise that they can get much more out of such agencies and the agencies start developing more services."

Right now, the other services that OBM-PR, Corporate Voice and Profile offer, or plan to offer, extend to areas like internal communications (designing and producing newsletters and house journals), marketing public relations (product publicity and consumer education programmes) and liaison services with social, professional, trade and industry associations. Liaising with the government, the mainstay for many so called PR firms, has been designated out of bounds. "We feel we have no skills to offer in that area," says a discreet Ravi Gupta, managing director of Trikaya.

Leaf: "good PR involves deliberate, planned and sustained campaigns"

A look at the growing client list of these divisions show that companies are tuning in to such services. PR professionals also welcome them. "Most companies do not have a large PR staff," says Shyam. "These agencies can provide a logical extension to our activities." Adds Hattangdi, "Their presence itself is a stimulant for the profession."

Do these PR professionals feel threatened by the newcomers? Not in the least. The consensus is that the agencies' role is quite different from that of internal PR persons. "Only an internal PR person can continuously monitor both the internal and the external environment and evaluate and report on what is salient," says Irfan Khan, corporate communications manager, Hindustan Lever. (It is interesting to note that companies that appreciate this role of an internal PR person, have redesignated the position as corporate communications manager).

"The outside agency can only provide support services," says Shyam. "The advertising-journalistic orientation of these agencies has very definite limitations," adds P. K. Akerkar, who heads Consilium India, an independent PR agency. "They can help in creating better communcation packages, but these are more like icing on a cake."

There is much support for both these views. But both proponents and supporters also readily acknowledge that companies too focus on the icing rather than the cake. The approach to house journals is a good example of this attitude.

Almost every large company has a house journal which is either commissioned or produced in-house. Almost all of them look and read the same. They should not if their purpose is to channel salient information about the company to employees to increase their motivation and feeling of belonging. Unless managements perceive such publications as part of their HRD strategies and help its producers study employee information needs, the journals are worth less than the paper they are printed on.

SUSTAINED OPERATIONS

In fact, as all the heavyweights in the PR business point out, unless managements recognise that all their PR activities should be planned in conjunction with their strategic business plans, neither in-house nor outside PR activity will really be of help.

"Good PR calls for deliberate, planned and sustained operations," says Leaf, "and the results are rarely immediately perceivable or measurable. Besides, Indian business, which is still emerging from a trading culture where returns have always been seen in terms of hard cash, has to be educated about the value and the intangible returns of these types of new investments." And according to him, as the profession develops, outside agencies take on the roles of consultants and executors of specialised programmes, "The in-house person becomes a resource for the outside agency and vice-versa."

As an industry, PR today in India is largely in the test marketing stage. A lot of development work is going on and there have been some successful product launches. It will take many years for the industry to mature, but the tie-ups with experienced practitioners should help speed up the process. It will also mature fast if its members steer clear from creating images which are divorced from reality. The current investor retreat from the stockmarket is to some degree a result of illusory expectations that were created by PR campaigns.

What the industry must be particularly sensitive to, at this incipient stage, is that their ultimate success depends not so much on the short term growth in billings, but on long-term growth in public credibility.

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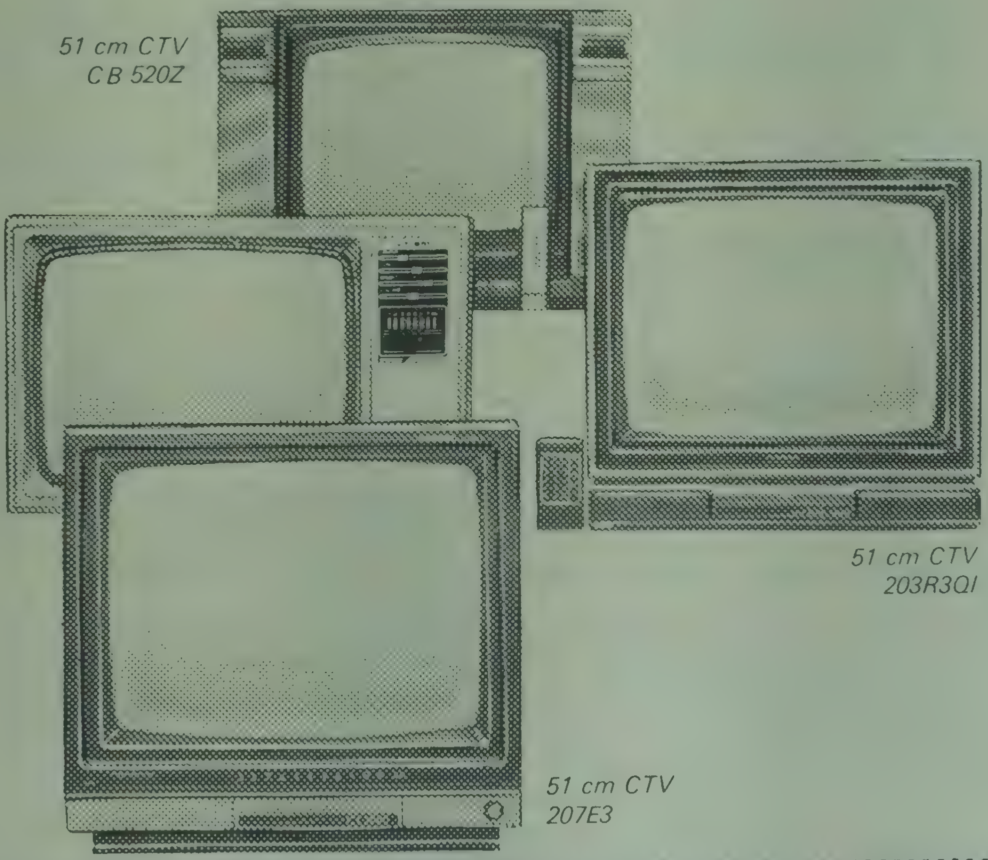

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Foreign Exchange

Is the dollar moving up?

For several weeks now, the debate has centred around whether the dollar's decline has ended or not. While market behaviour suggests that the dollar has indeed bottomed out, skeptics say that it is on a plateau and its long term trend is yet to be established. This depends on several factors, the latter argue, and these cannot be dismissed lightly.

The crucial question here is: have the objectives of a lower dollar been achieved? Has the decline helped improve the US trade deficit in any way? Have these adjustments quelled the rising protectionist tide in the US? Economists and policy makers are struggling to find answers to these questions and much depends on the answers.

It was for these reasons that the markets were eagerly awaiting the US trade data released on 15 July. The US trade deficit was expected to be around $12 billion deficit for May. The actual deficit was reported at $14.4 billion. This took the market by surprise and in the heavy selling that followed, the dollar fell to 149 against the yen and 1.8250 against the duetschemark, from 152 and 1.8450, respectively, in Europe and New York on 15 July.

Malcolm Baldridge, US secretary of commerce, opined that the month's figure was an aberration and the US trade deficit is certainly improving. He pointed out, as his department had done before, that one should not read too much into one month's figures since such figures are liable to swing due to seasonal factors.

The fact is that, statistics can be twisted to suit one's views. If one were to compare the US trade performance during the first five months of 1986 with the first five months of 1987, the trade deficit has worsened by about $5 billion. However, Baldridge's comments show that the US administration would not frown if the dollar were to rise a little.

So, the markets took a second look at the trade deficit of $14.4 billion. Over the past few months US trade has shown a definite improvement in volume terms. While imports are declining, largely due to high costs, exports are increasing by way of competitive selling. Though not much improvement is seen in dollar terms, the volume shifts are giving a boost to economic activity. This is evident in the reduced unemployment figure.

May's higher than expected deficit is attributable to higher cost of oil imports. Oil prices have steadily risen from $18 to $22 per barrel. Oil imports of the US increased by some 13 per cent whereas prices increased by some 16 per cent. Increased oil imports may be taken to mean heightened economic activity. Higher oil prices will do a world of good to the oil producing countries who were on the verge of collapse due to dismal prices. Besides, a price above $20 per barrel takes a lot of pressure off from the US banks with heavy exposure on Third World debt as well as the domestic energy industry.

Thus, as if on second thoughts, the markets gradually pushed the dollar up, taking it past the levels seen in the last three or four months. The anomaly this time was that there was no intervention from either the Bank of Japan and the Bundesbank, which in the past, have been rumoured to have done so every time dollar moved up in the past. There was no evidence of this even when the dollar broke through the DM 1.86 and yen 1,153 barrier on 15 July. In fact, Kiichi Miyazawa, Japan's finance minister, revealed that the original Plaza Accord of 1985 had called for a dollar level of yen 220. Thus, whatever may have transpired at the G-5, Miyazawa's comment shows that Japan may not be entirely displeased with the dollar's rise.

At the moment, however, there is nothing to indicate that US will tolerate such a level. Moreover, anger against Japan still exists in the US. The recently revealed Toshiba deal with USSR, involving sale of strategic machinery, invited pungent criticism. On top of that, Japan's trade surplus with US is showing only marginal decline. At the same time, the surge in Japanese stock markets is beginning to subside. All these factors favour the dollar but one should not expect too much. The appreciation of the dollar has to come gradually when it does.

New York closing rates on 15 July 1987

DM	1.8625
Sterling	1.6035
Yen	1152.90
SwFc	1.5525

Expected range of rupee during last week of July and early August

Currency	Spot range	6 month fwd range
US $	7.60-7.70	6 to 10 cents prem
Pound	4.72-4.77	6 to 10 cents prem
DM	14.15-14.30	30 pf to 40 pf prem
Yen	1160-1180	25 to 35 yen prem

While market behaviour suggests that the dollar has indeed bottomed out, skeptics say that it is on a plateau and its long term trend is yet to be established

The pound has been the biggest benefactor of the oil price rise. Everything seems to be going right for the UK right now. There was the Conservative victory followed by a string of good economic numbers. These included a fall in unemployment, an inflation rate below 4 per cent pa, lower public sector borrowing requirements, etc. And then came $22 a barrel of oil. With summer half way gone, the winter approaching and tension rising once again in the Gulf, oil prices are likely to remain firm.

While the yen dropped against the dollar, the DM and pound appreciated against the former. Thus cross currency trading dominated the markets. The yen dropped from 79 against the DM to over 82 and from 237 to 245 against the pound. Both currencies are expected to appreciate further against the yen.

Another positive outcome of the halt in the dollar's decline is a stability in US interest rates. The six month LIBOR for the dollar has been hovering a little above the 7 per cent pa level. However, the firm oil price has subdued the bond market, putting a temporary floor on long term interest rates. Some argue that the current oil prices cannot be sustained for long since, for reasons now well known, OPEC nations are bound to move to push prices below $20 a barrel. However, atleast for now, more petro dollars should mean well for the US.

In tandem with the dollar's appreciation overseas, the rupee has weakened both against the dollar and the pound, whereas it has appreciated slightly against the DM and the yen. This trend can be expected to continue for a while. The six month forward premiums on the dollar against the rupee has substantially declined, whereas the dollar has gone in discount in near deliveries. This shows a heightened exporter interest in the market. However, importer interest in forward coverage should re-emerge as the dollar continues to appreciate against the rupee.

A DEALER

The rationale behind debt-equity swaps

The international debt of Third World countries has been the focus of discussions at international forums ever since the debt crisis hit the international capital market in 1982. Since then various solutions have been mooted, some of which have been implemented. Yet, the problem of Third World debt has persisted, despite all efforts to solve it.

There was the well publicised Baker's Initiative (named after James Baker, the US treasury secretary) of October 1985. This was followed by the Bailey Plan which called for write-offs by creditor banks, reduction in interest rates on debts already contracted and fresh loans to debtors so that they could tide over existing liquidity difficulties.

Not only have all these plans failed to bring in positive results, but dozens of countries have either been forced to restructure their debts (some more than once) or else restricted repayments to a certain percentage of their annual export proceeds. In some cases, debtor nations have stopped servicing their loans completely. In all this, the creditor banks have found themselves helpless.

Despite strong signals to the contrary, banks continued to believe fondly for a long time that the assets on their books in the form of loans to Third World countires, would be repaid in full. They had a rude awakening when several Latin American countries stopped interest payments and the American banks, which accounted for the bulk of the loans to these countries, had to make hasty provision against their non-performing credits.

These developments forced the affected banks to look for other measures to tackle the problem credits or to reduce their exposure in problem countries. The most common method followed was the sale of credits in Third World nations at discounted rates, ie, at prices less than the face value of the credits. In time this procedure came to be known as debt-equity swaps. An exchange of this kind entails the sale by a bank of its credit to an investor who then converts the debt amount into equity in the corporations of debtor countries. These swaps, which first became acceptable in 1985, gained in popularity by 1986. Many more banks are now talking in terms of selling their Third World loans to investors willing to make investments in the debtor countries in the local currency or else converting their credits into equity through their own subsidiaries in the debtor countries. As a result, the sale of Third World debt in the secondary market has become a common feature. The trading of the debtor countries debt in such markets is at a discounted value, thereby reflecting the risk which markets take in making such investments.

Today, the sale and purchase of the debt has become a normal feature in the international market and several investment houses like Shearson Lehman Brothers and Salomon Brothers actually display the discounted value of the different countries' debt in the secondary market.

A fresh impetus for debt-equity swaps came in late May 1987 when John Reed, chief executive of Citicorp, the largest bank in the US, announced an additional loan loss provision of $3 billion. He thereby recognised that a substantial part of the bank's credits to Latin American countries was not likely to be realised in the near future. He also announced that Citicorp would either sell directly or invest through its own subsidiaries $5 billion, or one third of its total Third World exposure, over the next five years. This move, which was greeted in a positive manner by the US stockmarkets, was followed by several other banks such as Manufacturers Hanover, Bankers Trust, Security Pacific, Chase Manhattan and Continental Illinois.

Market price of Third World debts

(Secondary market LDC sovereign debt indicative prices)

Country	Cents for each dollar of debt
Romania	86.89
Colombia	86.88
Ivory Coast	76.78
Yugoslavia	74.77
Venezuela	72.74
Philippines	70.71
Chile	67.69
Morocco	66.68
Brazil	64.65
Argentina	59.60
Mexico	58.59
Egypt	49.51
Poland	43.45
Nigeria	37.39
Peru	13.15

Source: Shearson Lehman Brothers, reproduced from Euromoney, *May 1987*

The motives behind the bankers' move to reduce exposure on the Third World countries are many. The most important, as underlined by Reed, are:

- To liquify their blocked assets even if the amount realised is less than the actual value of the original credit and
- To undertake debt-equity swaps in order to avoid making fresh loans to the debtor countries at the time of reschedulement of the maturing debt.

Over the past three to four years, some creditor banks have been forced to provide new money even when they have not been keen to add to their existing exposure in the sticky countries. This is especially true of the small regional banks in the US which had jumped on the syndicated loans bandwagon in the late seventies and early eighties.

According to market sources, the total size of the debt-equity swap market at the end of 1986 was between $6 and 17 billion. With more banks now entering this market, it is expected that the amount transacted will rise to about $8 billion by the end of this year and to about $10 billion by end 1988. Market experts hold that debt-equity swaps, despite their various limitations (mentioned below), are here to stay and more and more banks will get into the act either directly or indirectly. Therefore, they project an annual debt-equity swap value of $2 billion a year from 1989 onwards.

Of the various debtor countries which have formulated special policies to attract investment through the conversion of their debt into equity, Chile is considered the pioneer, having converted almost $2 billion of its external debt into various investments. The country expects to convert $30 to 40 million per month into equity over the next two or three years. Another country which has formulated specific policies for the conversion of its debt into equity is Mexico. The programme was finalised in May 1986 and is currently said to be bringing about swaps of about $500 million a year.

According to available information, the US banks which refused to put up new money for the rescheduling of Mexico's debt, an understanding finalised in late 1986, are now not being allowed to participate in any debt-equity deals. In the one year period ended May 1987, the scheme attracted $685 million of debt-equity swaps. Another $375 million are expected to come into the market in the near future.

Another country which programmed the conversion of its debt in 1986 was the Philippines. However, due to its economic and political uncertainties, it has failed to attract a favourable response from creditor banks, or for that matter from independent investors. Of the Philippines' external debt of about $30 billion, only $50 to 80 million has been swapped so far. Further, the process is expected to move rather slowly at around $15 to 20 million a month.

During the first six months of 1987, Costa Rica too swapped $180 million of its debt. Argentina also announced a scheme of swaps recently. However, it has specified that for every indebted dollar swapped, one dollar will have to be provided in new money. Ecuador introduced its scheme in December 1986 and so has Venezuela. Brazil is negotiating a new scheme, even though about $600 million of its debt has already been exchanged for equity. However, the prospects for Brazil, in the present context, appear rather limited. Uruguay, Peru, Columbia, Morocco, the Dominican Republic and Nigeria are also on the way of unfolding their debt-equity exchange schemes.

Though it is maintained that debt-equity swaps are a promising means of dealing with the Third World debt crisis, it has not measured up to expectations. Most of the banks which have so far undertaken debt-equity deals have been American banks which together have an exposure of more than $100 million in Latin America alone. Therefore, converion of $6 to 7 billion of debt into equity is but a fraction of the total amount involved. The scheme's biggest drawback is that an investor, who is looking for capital appreciation, is not likely to buy a debt as a speculative investment, just as he won't buy bonds of a financially troubled country. The banks have gone into it only because they are stuck in the problem countries and that there is no other way to realise their assets in the near future.

There are various reasons for the lack of interest in debt-equity swaps so far. First, the success of swap will depend upon the investment opportunities in the debtor country. Besides, there has to be an openness to foreign investment. But this is sometimes not the case. Computers are the most promising area for foreign investment in Brazil, but the government has prohibited foreign investment in this field.

Secondly, in Mexico, debt-equity deals are restricted to tourism and other non-strategic areas. Again, a recent $4 billion plan by Argentina would require investors to put up a dollar of their own money for every dollar of debt they swap, a condition that would deter many potential investors.

Thirdly, there are risks in debt-equity swaps. This is because banks holding equity in problem countries are often exposed to dangers because they move into unknown areas. For instance, Bankers Trust has acquired a holding interest in the Brazilian auto spare parts industry and runs the largest pension fund in Chile. It converted about $65 million of its debt in these two areas. Similarly, American Express has swapped debts of millions of dollars for equity in Mexican hotels. The banks, being financial institutions, have little day-to-day knowledge of the working of these industries. Besides, with control remaining in the hands of local partners, there is little the banks can do to safeguard their investments in such companies.

Fourthly, several governments realise that large investments flowing into their countries through debt-equity deals will inflate the local currency supplies and cause higher inflation. With inflation rates in some countries, like Brazil, already moving towards 1,000 per cent per annum, very few investors are likely to be tempted, since the chances of losing all their gains in inflation and wild currency swings are very high. To top it all, in the past three years, there has been a complete overhaul of the currencies of Argentina and Brazil. This in itself is a limitation on debt-equity swaps.

Fifthly, there is always a danger that the industries in which the banks or outside investors buy equity may be nationalised. This is a serious threat in several Latin American countries.

Lastly, present US banking laws restrict the banks' ownership to 20 per cent of a non-financial company. According to knowledgeable sources, unless this restriction is dropped, banks are likely to swap mainly for equity in financial institutions. But then this is a highly restricted area in the developing countries. For instance, Mexico nationalised its banks five years ago.

Yet, the market in debt-equity is likely to expand. However, the number of buyers will have to increase or the price of the Third World loans will continue to slip. Third World countries will also have to take the necessary steps to make investments more attractive through appropriate policies, such as a reduction in budgetary deficits and inflation rates and viable exchange rate policies.

K.G.M.

Corporate Affairs

Citibank

Loan loss provision

Citibank has made a huge loan loss provision of $4 billion to cover potential losses on loans to Third World countries. This move by Citibank will put pressure on other banks with similar loan portfolios to make loss provisions too. However, many banks, like the financially troubled Bank of America, may not be in a position to make loss provisions of this magnitude. Meanwhile, the commercial banks are relieved by the announcement by the government of Brazil that it will resume interest payments on half of its $68 billion foreign bank loans.

Lloyds

Settlement of PCW

Lloyds of London has announced that PCW Underwriting Syndicate's losses have been fully covered. The losses are estimated at £235 million. Investigations had revealed that there had been huge misappropriations of funds by former managers. The settlement requires the syndicate members to pay £34 million towards the cash fund of £134 million which Lloyds is setting out to meet the Syndicate's losses over the next 20 years.

Hambros Bank

Profit surge

Hambros Bank of London has reported a 40 per cent increase in profits for the year ending 31 March 1987 over the previous year. Overall profits amounted to £61 million. Of this, non-banking activities contributed £38 million, overtaking banking profits for the first time. The newly-started property agency operation was the star performer on the non-banking side. Profits from insurance broking were also up.

J Walter Thompson

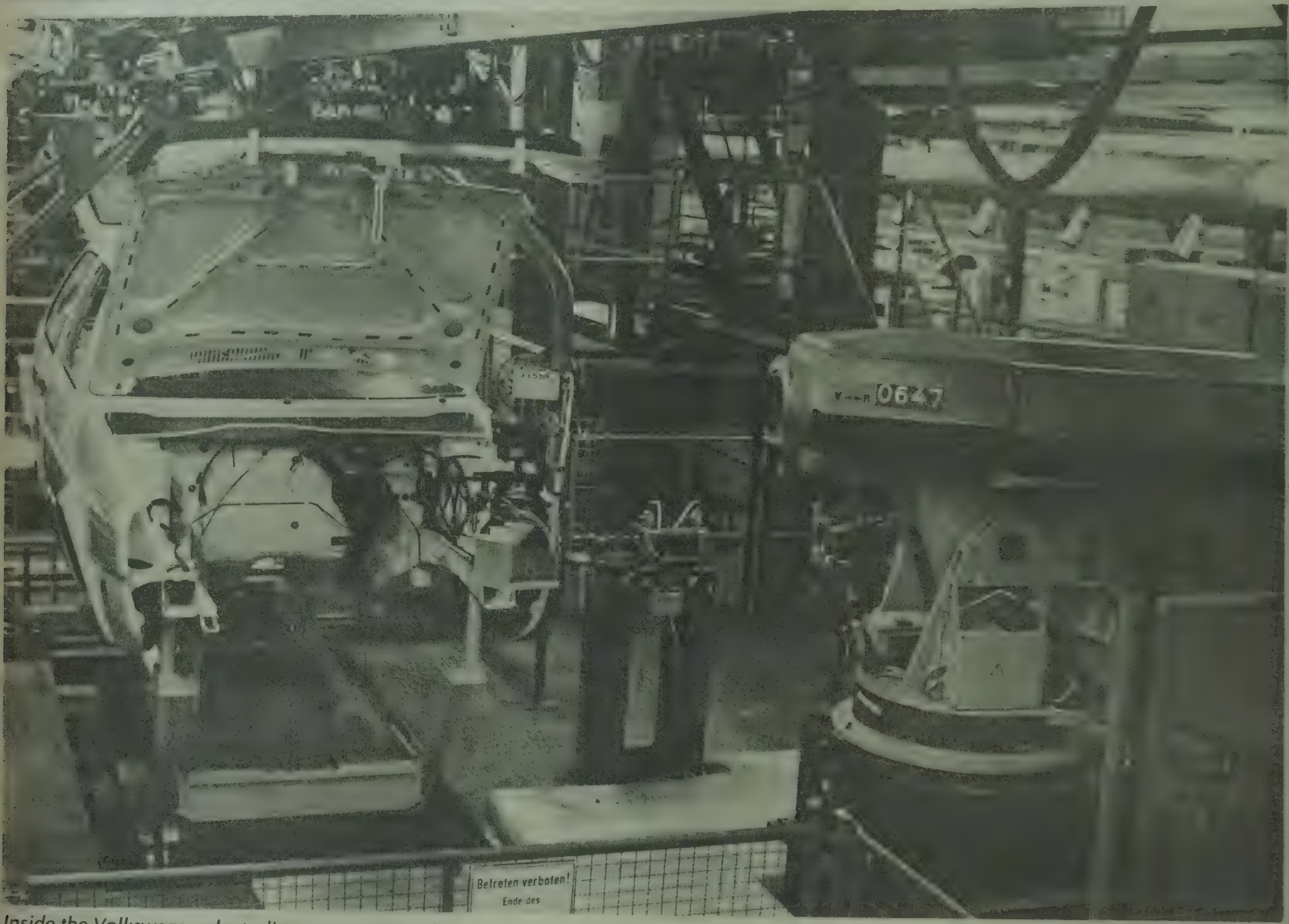
Taken over

One of the world's largest advertising agencies J Walter Thompson has agreed to a takeover by a relatively unknown British company. The predator is the WPP Group which in 1986 had sales revenues of just $35 million compared with the $650 million for J Walter Thompson. In recent years however, the earnings record of J Walter Thompson has been rather patchy. The founder of WPP, Martin Sorrel, is the highly thought of former finance director of Saatchi and Saatchi.

Today

Salvation in sight

The British daily newspaper *Today*, founded by NRI Eddy Shah, ran into serious difficulties soon after its much publicised launch. It now seems to have found a saviour in the Daily Mirror group of Robert Maxwell. This is the



Inside the Volkswagen plant: directors exonerated

second rescue operation for *Today*. Earlier Roland of Lonroh had also tried to revive the paper but without much success. Though the paper currently has a circulation of 400,000, it is losing heavily. The 1987 loss is estimated to be around £30 million.

Martell Brandy

Link with Grand Metropolitan

The French brandy company Martel has come to an arrangement with Grand Metropolitan Hotels of Britain for distribution of Martel through the Grand Metropolitan liquor subsidiary International Distillers. As part of the deal Grand Metropolitan is taking a 10 per cent stake in Martel at a cost of £30 million. This is the second tie-up between British and French liquor companies. Earlier, Moet Hennessy, the French champagne and brandy company, merged its distribution network in America and the Far East with that of the British Guinness Group.

Volkswagen

Board cleared of foreign exchange scandal

The auditors' investigation into the major foreign exchange scandal at Volkswagen has cleared the company's board of directors of liabilities. Volkswagen lost DM 473 million (Rs 300 crores) in a foreign currency fraud earlier this year. While exonerating the board, the auditors' report placed some blame on the financial and operational departments. Meanwhile Volkswagen has sought a court order to freeze the assets of its foreign exchange broker J Schmidt.

Thai Airways

Record profits

Thai Airways has reported record profits of $67 million for the six months to 31 March 1987. The airline attributed the profitability to 'Visit Thailand Year' which has increased passenger traffic by 15 per cent. There is some talk of merging Thai Airways International with the domestic, state-owned airline Thai Airways Company, which is less profitable.

Grindlays

Islamic banking

Grindlays Bank has launched an investment fund in Pakistan, based on Islamic banking principles. The fund, which is an amalgam of an investment trust and a venture capital fund, does not pay any interest to investors but instead shares out profit from its activities. The venture has received enthusiastic support from both resident and non-resident Pakistanis and has been oversubscribed twice. The success of the Grindlays venture is expected to give a boost to Islamic banking in Pakistan.

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Production, however, lags behind. And the demand-supply gap is expected to increase from 1.9 lakh tonnes in 1987 to 5.9 lakh tonnes by 1990. Significantly, the level of imports has been consistently high over the years.

Corporate Lion

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Akzo brings to India for the first time its unique proprietory 'dry liming' process — the latest, m cost efficient Soda Ash technology in the world And Akzo's associate in the GHCL venture is another world leader, Klockner of West Germa

Lion's Share

GHCL is rich with all the inputs of project succe eminent promoters, unrivalled technology, capt raw materials and power, perfect energy balanc economies of scale — and an ever expanding market. So the corporate lion is assured of a roaring success... and a majestic share of the Soda Ash market.

Sobhagya/123/87

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ECHNOLOGY

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- 'Perfect Energy Balance' between steam and power, resulting in lower energy costs.

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Corporate Monitor

Telco

Higher sales and production despite a stagnant market for trucks; profits slump with a rise in wages and input costs; dividend slashed

Many people had expected the performance of Tata Engineering and Locomotive Co Ltd (Telco) to be poor during the year ended 31 March 1987. Unlike in the past, the company withheld from the public its results for the half year ended 30 September 1986. This led to a lot of pessimism.

Though sales registered an increase of 17 per cent over the previous year, there was heavy pressure on profitability. This was mainly due to several factors, like the increase in wage bills (Rs 23 crores), and a rise in the cost of raw materials and components by Rs 27 crores. Cost reduction and inventory control measures, followed by a 5 per cent hike in the prices of its products, proved fruitless. The company slashed the equity dividend by 13 points to 10 per cent.

Sales and other income increased to Rs 1,196.89 crores (previous year: Rs 1,025.97 crores). The number of vehicles sold was higher by 14 per cent at 50,754 (44,441). Production was higher by 5 per cent at 49,242 (46,904) achieving a capacity utilisation of 85 per cent (86 per cent). Sales of LCVs were 5,045, but margins were inadequate after providing for their development and introduction costs. The company again jacked up prices of its light commercial vehicles (LCVs) by 5 per cent in April 1987.

(Rs crores)

Year ended 31 March	1987	1986
Sales and other income	1,196.89	1,025.97
Operating profit	96.01	111.55
Interest	71.51	59.24
Depreciation	21.57	33.99
Pre-tax profit	2.93	18.32
Tax	—	2.03
Net profit	2.93	16.29
Investments	6.23	19.79
Equity capital	53.18	53.18
Reserves	158.86	165.61
Loans	534.76	446.51
Net fixed assets	374.38	329.13
Net current assets	367.53	317.62
EPS (%)	5.13	30.03
Dividend (%)	10.50	23.00
Market price (Rs)		
Current	470.00	
1987: High	665.00	
Low	370.00	

Profitability in export markets declined due to increased competition. A total of 1,971 (1,869) vehicles were exported. However, total export value declined to Rs 38.12 crores (Rs 50.95 crores) since more of the vehicles exported were without bodies. Substantial appreciation of the yen pushed up costs of imported components for excavators, from Hitachi of Japan, and adversely affected the profitability of this division. Total excavator sales amounted to Rs 60.32 crores (184 machines) against Rs 52.53 crores (174 machines). Recessionary conditions stopped spare parts sales at Rs 53.20 crores (Rs 64.92 crores).

While total revenue went up by 17 per cent, operating profit went down by 14 per cent to Rs 96.01 crores (Rs 111.55 crores). Interest charges were higher by 20 per cent and depreciation lower by 37 per cent. The pre-tax profit slumped by 84 per cent to Rs 2.93 crores (Rs 18.32 crores). There is no tax liability (Rs 2.03 crores). Profit after tax decreased by 82 per cent to Rs 2.93 crores (Rs 16.29 crores).

The company would have been in the red, if it had not changed the method of calculating depreciation. Even though the gross block jumped by Rs 75 crores to Rs 634.56 crores (Rs 559.53 crores), depreciation was lower at Rs 21.57 crores (Rs 33.99 crores). This is because depreciation was provided on a single shift basis without considering the extra and multiple shift allowances. This lowered the depreciation charge by Rs 14.11 crores. Similarly, the depreciation on asset additions during the year was provided pro-rata, resulting in decreasing depreciation by Rs 4.12 crores. The net effect of these changes in accounting for depreciation is that profits are higher by Rs 18.23 crores.

Both the gross and net margins were lower at 2 per cent (5.2 per cent), and 0.2 per cent (1.6 per cent), respectively. The debt to equity ratio is higher at 2.5:1 (2:1) while pay-out ratio is at 188 per cent (76 per cent) inspite of the dividend being slashed by 13 points. Sundry debtors increased by more than Rs 100 crores and the number of days of collections outstanding went up to 102 days (81 days). This may be due to higher credit given to increase sales. This led to a lower quantity of stock held from 110 days to 88 days. The recent reduction in bank rates and interest on fixed deposits is expected to benefit the company by Rs 1.5 crores a year.

The most disturbing feature in the annual report is the ever increasing wage bill. During the last five years, Telco's wage bill has soared by Rs 50 crores, an annual increase of 10 per cent. During 1986-87, the wage bill went up by Rs 23 crores to Rs 154.11 crores (Rs 130.85 crores), an increase of 18 per cent. The number of employees drawing not less than Rs 3,000 per month jumped to 10,993 (5,659). The average cost per employee increased to Rs 41,140 per annum (Rs 24,326), an increase of 20 per cent. This is disquieting at a time when the company finds it difficult to raise its product prices even by 5 per cent. The employee cost per truck sold comes to Rs 30,364 (Rs 29,443) and in percentage terms it is 14.8 per cent (15.2 per cent) of the selling price per truck.

The delay in announcement of the government's automobile policy has disrupted the company's plans for setting up a passenger car unit.

Tisco

Satisfactory performance; ambitious modernisation programme; prospects good; ongoing modernisation; increased production; over 100 per cent capacity utilisation in the last two years

The Tata Iron and Steel Co Ltd (Tisco), reported satisfactory performance during the year ended 31 March 1987. Sales increased

(Rs crores)

Year ended 31 March	1987	1986
Sales and other income	1,416.39	1,285.51
Operating profit	220.40	260.29
Interest	63.28	53.33
Depreciation	57.60	49.28
Pre-tax profit	99.52	157.68
Tax	12.00	50.00
Net profit	87.52	107.68
Equity capital	82.63	82.74
Reserves	401.05	334.19
Loans	517.83	447.43
Investments	130.12	144.54
Net fixed assets	708.09	577.41
Net current assets	163.30	142.41
EPS (%)	105.92	130.14
Dividend (%)	25.00	25.00
Market price (Rs)		
Current	742.50	
1987: High	770.00	
Low	446.00	

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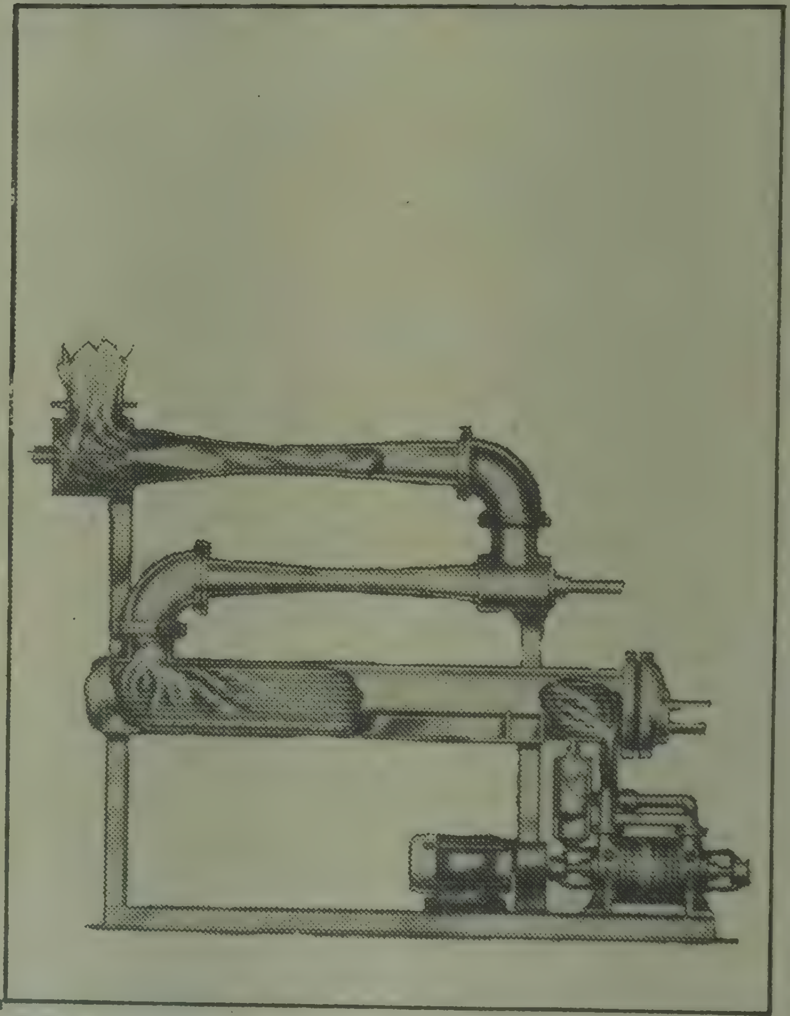

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NAREN

by 10 per cent to Rs 1,416 crores (previous year: Rs 1,285 crores) but operating profit decreased by 15 per cent to Rs 220 crores. This has mainly been due to reduced margins after interest and depreciation. Profits declined by 58 per cent to Rs 99.52 crores (Rs 157.68 crores). Dividend was maintained at 25 per cent, although earnings per share dropped by 24 points to Rs 108. Inevitably, this led to a higher payment of 24 per cent (19 per cent).

During the year, the output of gross saleable steel was at a record 110 per cent of rated capacity, ie, 1.907 million tonnes (mt; 1.772 mt). After adjustment for transfer to the tubes division, the net saleable steel output was 1.862 mt (1.702 mt). The liquid steel output at 2.250 mt was higher by 7.4 per cent (2.094 mt). The finished steel volume sales was 1.436 mt (1.152 mt), achieving sales of Rs 984 crores (Rs 810 crores). This represents a lower sales realisation per tonne of Rs 6,855 (Rs 7,030).

The export earnings dropped sharply to a low figure of Rs 3.60 crores (Rs 16.63 crores) owing to certain procedural problems in the export of chrome ore and anti-dumping actions initated by the US government against export of steel pipes. Certain input costs such as raw materials, wages, power and other expenses too have seen hikes during the year. However, the drive to reduce energy consumption, resulted in further lowering the plant fuel rate at the steel works, with a resultant saving of Rs 8 crores during the year. The average in-plant power generation reached a high of 86.7 mw (83.3 mw).

Tisco's ambitious five year modernisation programme has commenced with a total cost of over Rs 1,100 crores. About Rs 500 crores is to be met through withdrawals from the Steel Development Fund (SDF). During the year, the SDF sanctioned Rs 226 crores, bringing the total amount of loans sanctioned to Rs 499 crores. The disbursements against these sanctions upto 31 March 1987 amounted to about Rs 122 crores. The balance will be disbursed over the next three years.

On 2 March 1987, under the modernisation programme, a new 300,000 tonne bar and rod mill, costing Rs 78 crores, was commissioned: Earlier, in October 1986, a Rs 18.5 crore waste recycling plant was commissioned to enable increased recovery of iron-bearing materials from waste materials. Other facilities to increase the steel works capacity to 2.10 mt of saleable steel from the existing 1.74 mt are under execution. Work is in progress at the raw materials yard and the sinter plant, and also to augment the power capacity by 60 mw.

In the meanwhile, the company proposes to invest in new areas. Prominent among them is the proposed investment in a joint venture company, Tata Timken Ltd. This is a collaboration with Tinkers Company, of the US, for a bearing plant. The total cost of the project is estimated at Rs 55 crores. Of this Rs 26 crores will be met through an equity issue and Rs 29 crores by way of term loans. Tisco will subscribe to Rs 15.60 crores to the equity capital and Tinkers to Rs 10.40 crores.

Tisco will be making a bonus equity issue in the ratio of 2:5 by capitalising general reserves of Rs 33.10 crores. The allotment of shares is proposed in August 1986. The new shares will be eligible for the whole year's dividend. The application for issue of 4 million rights equity shares, at a premium of Rs 100 per share in the ratio of 1:3 (after the bonus issue), is still pending with the controller of capital issues.

Asian Paints

Lower production; marginal increase in sales; higher profitability; various expansion plans on hand; first non-FERA India company to follow the new bonus guidelines; lower exports

Asian Paints (India) Ltd, leader in the paints industry, achieved marginally higher turnover inspite of stiff competition and a strike at Bhandup (Bombay) plant for about six months. Production of paints and synthetic resins at the Bombay plant was lower by 43 per cent and 84 per cent respectively during 1986.

Net sales increased by 8 per cent to Rs 127.21 crores during the year ended 31st December 1986 (previous year: Rs 117.66 crores). Operating profit was higher by 20 per cent at Rs 20.64 crores (Rs 17.15 crores). After a 29 per cent increase in interest charges of Rs 2.19 crores (Rs 1.70 crores) and depreciation of Rs 2.43 crores (Rs 2.35 crores), the pretax profit increased by 22 per cent to Rs 16.02 crores (Rs 13.10 crores). Tax liability is lower by Rs 15 lakhs at Rs 4.50 crores (Rs 4.65 crores). Post-Tax profits have jumped by 36.3 per cent to Rs 11.52 crores (Rs 8.45 crores). Equity dividend has been stepped up by 5 points to 35 per cent. In addition, the board has recommended bonus shares in the ratio of one share for every two shares held. Previous bonus was in 1984 in the ratio of 3:5.

(Rs crores)

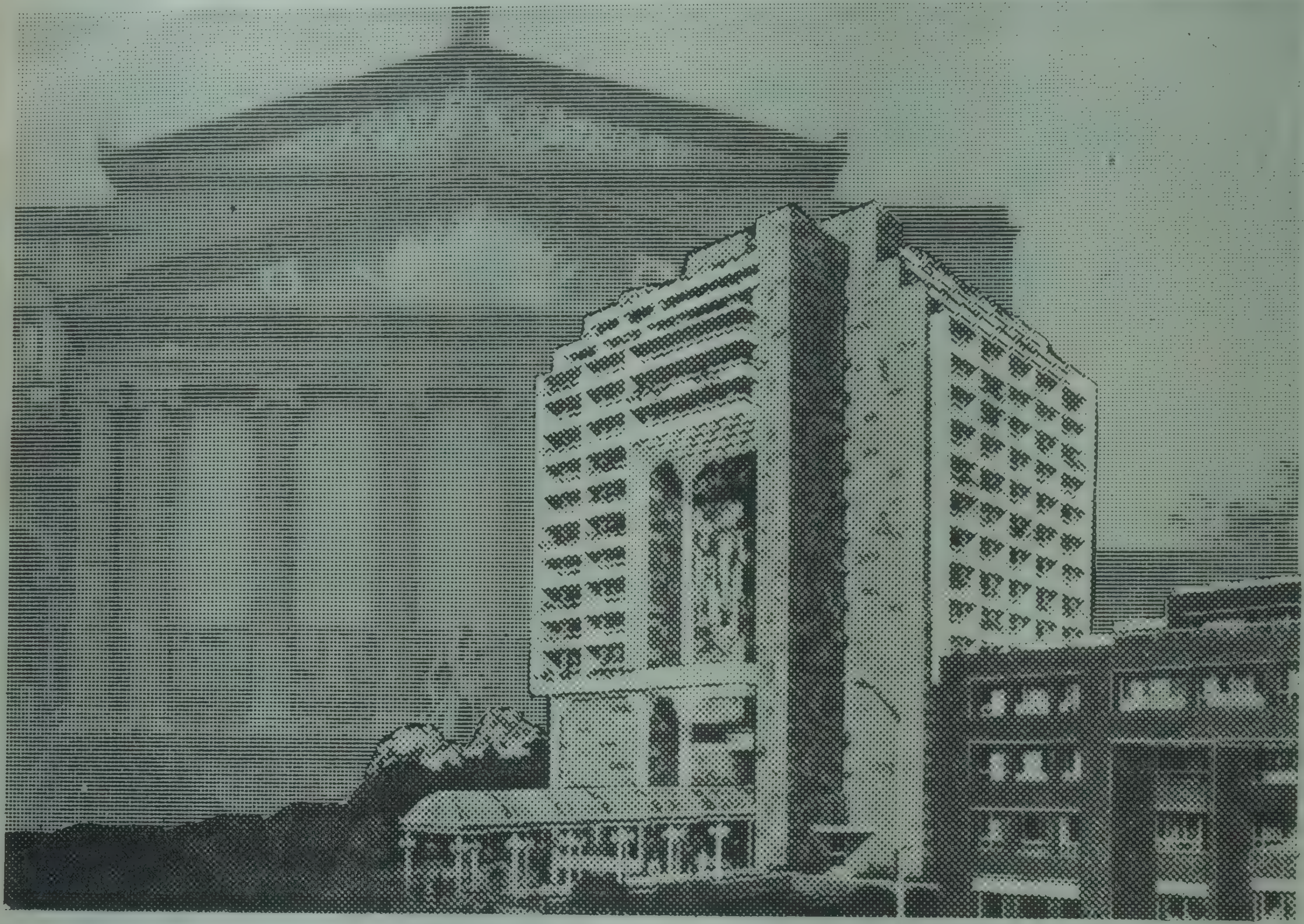
Year ended 31 Dec	**1986**	**1985**
Sales and other income (net of excise and discounts)	127.21	117.66
Operating profit	20.64	17.15
Interest	2.19	1.70
Depreciation	2.43	2.35
Pre-tax profit	16.02	13.10
Tax	4.50	4.65
Net profit	11.52	8.45
Equity capital	8.30	8.30
Reserves	28.16	19.56
Loans	18.40	13.97
Net fixed assets	22.01	18.23
Net current assets	31.89	21.78
EPS (%)	138.20	101.10
Dividend (%)	35.00	30.00
Market price (Rs)		
Current	230.00	
1987: High	254.00	
Low	202.00	

The plant capacity utilisation was lower at 58 per cent (69 per cent) and 56 per cent (70 per cent) for paints and synthetic resins plant, respectively. Production of paints, enamels, varnishes and blacks were lower by 9 per cent at 39,867 mt (43,921 mt) and that of synthetic resins were lower by 10 per cent at 14,749 mt (25,800 mt). The company is setting up a fourth plant in UP to manufacture 23,000 mt of paints, varnishes and enamels and 6,500 mt of synthetic resin (for captive consumption). The expansion has been planned despite capacity utilisation at the existing plants presently hovering around the 50 per cent mark.

Gross and net margins are higher at 14.6 per cent (13.2 per cent) and 9.1 per cent (7.2 per cent), respectively. Although, dividend is hiked by 5 per cent, the pay-out ratio works out to 25.2 per cent (29.5 per cent). Availability of raw material was satisfactory. Prices of pigments (from Rs 12,720 per mt to Rs 13,951 per mt); and oils (from Rs 10,868 per mt to Rs 11,804 per mt) were higher by nearly 9 per cent. Emphasis on R&D, to reduce costs without sacrificing quality, kept raw materials cost lower at 63.6 per cent (66.2 per cent) of total revenue.

Sales of paints, varnishes and blacks were higher by 2 per cent at 44,656 mt (43,895 mt) while sales of vinyl pyridine doubled to 106 mt (53 mt). The company increased selling prices of paints, varnishes and blacks by 10.3 per cent at Rs 35,230 per mt (Rs 31,944 mt). Inter-corporate deposits have multiplied by 10 times at Rs 231 lakhs (Rs 25 lakhs). Export sales declined to Rs 31.77 lakhs (Rs 266.39 lakhs) mainly due to unremunerative prices offered by the major customer, USSR. An income tax demand of Rs 152.33 lakhs has not been provided in accounts as the company has appealed against the same.

The second phase of the company's paint project in Andhra Pradesh was completed during 1986. The industrial coatings unit of this plant is expected to commence production during the third quarter of 1987. During the same period, manufacturing facilities for



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synthetic rubber latexes at Taloja plant will be commissioned. The implementation of the phthalic anhydride project at Ankleshwar is progressing satisfactorily. The company also promoted a joint sector project, namely, Pentasia Chemicals Ltd in Tamilnadu, for the manufacture of pentaeythritol and sodiums.

Ingersoll Rand

Good performance despite a squeeze on margins; market in the grip of competition

Ingersoll Rand (India) Ltd (IRI), engaged in the manufacture of compressors and drilling equipment, has reported another year of good performance. During the year ended 31 December 1986, sales (excluding excise duty) increased to Rs 62 crores (previous year: Rs 49 crores), operating profit to Rs 14.95 crores (Rs 12.80 crores), and pre-tax profit and provision to Rs 12.04 crores (Rs 10.59 crores). Thanks to lower tax of Rs 4.37 crores (Rs 5.10 crores), the net profit is higher at Rs 7.67 crores (Rs 5.49 crores). However, earnings per share on the doubled equity capital of Rs 7.89 crores is lower by 4 points at Rs 9.70 (Rs 13.90). The dividend of 25 per cent is covered almost four times by earnings.

The company is highly specialised with very few competitors — namely, CP Tools, Atlas Copco and Revathi-CP. An overseas takeover of CP Tools by Atlas Copco is a possible new threat that IRI would have to contend with, these would present a common front in the Indian marketplace.

Hitherto, IRI had an edge over other manufacturers in terms of introducing the latest models or types in compressors and drilling equipment, because of the close involvement of the parent company, IR & Co, New Jersey, US, with its 75 per cent equity in IRI. Henceforth, it is expected that IRI will meet more than its match in the trio.

(Rs crores)

Year ended 31 Dec	1986	1985
Sales and other income	70.70	55.34
Operating profit	14.95	12.80
Interest	1.68	1.03
Depreciation	1.23	1.18
Pre tax profit	12.04	10.59
Tax	4.37	5.10
Net profit	7.67	5.49
Equity capital	7.89	3.95
Reserves	15.02	13.51
Loans	14.58	8.67
Net fixed assets	7.05	5.07
Net current assets	30.35	20.95
EPS (%)	97.10	139.10
Dividend (%)	25.00	40.00
Market price (Rs)		
Current	335.00	
1987: High	350.00	
Low	265.00	

During the year, production of air and gas compressors almost reached the rated capacity, with 27,979 numbers (nos) (previous year: 20,145 nos). The drilling equipment and accessories production increased to 741 nos (491 nos), and those of feeder crushers fell by 50 per cent to 6 nos. Total sales (ie, including spare parts and components) of compressors increased to Rs 33.41 crores (Rs 25.13 crores) drilling equipment to Rs 23.89 crores (Rs 18.46 crores), while that of feeder crushers decreased to Rs 3.47 crores (Rs 3.96 crores). Though sales realisation per unit was not very much higher than the previous year, profit went up due to tax benefits on account of exports, and the newly introduced section 32 AB in the Income Tax Act.

The total exports for the year were Rs 19.5 crores, contributing over 31 per cent of total net sales. The increase in exports (Rs 12.94 crores) was achieved on fulfilling a contract for supply of water well drilling rigs, together with supporting equipment, to the government of Uganda.

With competition in the domestic market increasing, it cannot be said with certainty that the company will be able to maintain the growth rate it attained in the last decade. During the year, the inventory stock increased to Rs 22.47 crores (Rs 16.81 crores), sundry debtors to Rs 15.24 crores (Rs 13.55 crores). But, the financial situation continues to be good and, at the year end, the cash and bank balance amounted to Rs 4.70 crores (Rs 2.87 crores) and loans and advances Rs 5.16 crores (Rs 3.53 crores). In addition, the company has been expanding its operations with regular capital investments. During the year, Rs 3 crores (Rs 1.89 crores) has been added to plant and machinery and other assets.

Ranbaxy

Setback in profits; continuing modernisation and diversification; future bright

The largest indigenous pharmaceutical company (as opposed to FERA companies), Ranbaxy Laboratories Ltd, which was on the fast track in earlier years, had a setback in profits for the year ended 31 December 1986. Although sales increase by 32 per cent to Rs 94 crores (previous year: Rs 71 crores), the operating profit increased by only 9.5 per cent to Rs 8.87 crores (Rs 8.10 crores), thereby reflecting pressure on margins. After high interest charges of Rs 5.06 crores (Rs 3.22 crores) and depreciation of Rs 94 lakhs (Rs 84 lakhs), the pre-tax profit declined by 29 per cent to Rs 2.87 crores (Rs 4.04 crores). The tax provision was halved to Rs 30 lakhs (Rs 60 lakhs). Though dividend on equity was hiked by 4 points to 20 per cent, the earning per share dropped to Rs 7.42 from Rs 11.14 in the previous year.

(Rs crores)

Year ended 31 Dec	1986	1985
Sales and other income	96.02	72.44
Operating profit	8.87	8.10
Interest	5.06	3.22
Depreciation	0.94	0.84
Pre-tax profit	2.87	4.04
Tax	0.30	0.60
Net profit	2.57	3.44
Equity capital	3.43	3.06
Reserves	12.23	10.23
Loans	48.74	32.92
Net fixed assets	29.12	15.48
Net current assets	34.67	30.36
EPS (%)	74.20	111.44
Dividend (%)	20.00	16.00
Market price (Rs)		
Current	87.50	
1987: High	135.00	
Low	71.00	

Most of the drug companies faced a difficult period in 1985, mainly due to decline in value of the Indian rupee. This lead to high import costs on raw materials and other inputs. Even their export performance was severely affected. However, the company's exports reached Rs 11.33 crores (Rs 5.65 crores). Ranbaxy's main areas of operations are basic drugs, including intermediates (sales: Rs 34 crores against Rs 25 crores); tablets, capsules, liquids and dry syrups/powder (Rs 55 crores against Rs 45 crores); and injectibles (Rs 11 crores against Rs 10 crores).

The sales of injectibles were affected due to severe competition arising from imports of semi-synthetic pencillins. The high interest costs had to be borne mainly due to tight liquidity in the market leading to longer time to realise the sale proceeds. While the debtors' account in the balance sheet increased to Rs 20 crores (Rs 12 crores), the cash and bank balance declined to Rs 4.40 crores

(Rs 7.68 crores). On the other hand, trade creditors increased to Rs 9.82 crores (Rs 5.95 crores).

Ranbaxy is a leading manufacturer of bulk drugs and formulations of semi-synthetic penicillins and cephalosporins. To better the product mix, new drugs like Ranitidine, Cloxacillin, and the newer Quinolone derivatives are being introduced. Though the company is going ahead with its diversification in areas of diagnostics and surgical dressings and bandages, concentration in core business areas will be stressed to maintain all round growth.

The company commissioned its new antibiotic plant at Toansa in Hoshiarpur district (Punjab) in March 1987. The modernisation of the Okhla pharmaceutical plant was completed in 1986, with updated facilities for ointments, sterile vials and liquids. The surgical dressing and bandages project at Dewas (MP) is nearing completion and is expected to commence production by August 1987. Ranbaxy already has its second pharmaceutical plant at Dewas (MP).

All these new projects and modernisation has meant a capital investment of Rs 6 crores (Rs 2 crores). Further, the capital work in progress during 1986 amounted to Rs 11 crores. All these capital investments is expected to pay dividend in the current year.

Results announced

HMM

HMM Ltd, in which Beechams of UK has a 40 per cent equity stake, announced a liberal bonus issue in the ratio 1:1 with the results for the year ended 31 March 1987. Though the directors have not proposed a final dividend, the interim payout of 55 per cent was higher compared to 43 per cent in the previous year.

Sales increased to Rs 79.54 crores (Rs 64.80 crores) and gross profit was higher at Rs 18.03 crores (Rs 11.41 crores). After providing Rs 1.29 crores (Rs 54 lakhs) for depreciation and Rs 5.57 crores (Rs 5.34 crores) for taxation, the net profit more than doubled to Rs 11.17 crores (Rs 5.38 crores). The dividend absorbed Rs 6.84 crores.

East India Hotels

The East India Hotels Ltd, owner of the Oberoi group of hotels and the second largest hotel chain in the country, has announced substantially improved performance during 1986-87 (year ending March 1987). The company's turnover increased to Rs 65.94 crores in 1986-87 (previous year: Rs 51.28 crores). This represents an increase of 29 per cent (15 per cent). The gross profit (after tax) at Rs 9.78 crores was 33 per cent higher (Rs 7.32 crores). The foreign exchange earnings of the company during the year amounted to Rs 40.72 crores, 11 per cent higher than the previous year. The overall improvement in the performance of the company has been mainly because of the expansion of Oberoi Towers in Bombay and reorganisation of its hotels in Delhi and Calcutta.

The net profit available for distribution is Rs 6.18 crores, out of which the company has appropriated Rs 2.50 crores to general reserves and Rs 4.15 lakhs in profit and loss account, leaving Rs 3.64 crores to be distributed as dividend. The rate of dividend for the year is 20 per cent.

Indian Organic

Indian Organic Chemicals Ltd has not performed well during the year ended 31 March 1987. The company has trimmed the dividend from 18 to 15 per cent. This absorbed Rs 1.87 crores against Rs 2.24 crores. Sales income was Rs 136.62 crores compared to Rs 148 crores in the previous year. According to company officials, the decline in sales is due to excise duty cuts in polyester fibre from Rs 45 to Rs 25 per kg.

The gross profit has dropped precipitously from Rs 21.10 crores to Rs 10.59 crores. After providing Rs 5.23 crores (Rs 3.35 crores) for depreciation and other adjustments, there is a surplus of Rs 5.74 crores (Rs 7.61 crores). The lower profits are attributed to "erosion in margins" in the company's existing activities and the large capital expenditure on new projects which is yet to earn full revenues.

During the year, the company enhanced PSF capacity from 12,200 to 30,000 tpa and PFY capacity to 3,500 tpa. The software division, Sonata, developed a dozen packages and export plans have been drawn up for the current year. The first phase of the Future Foods division, a potato processing plant, was completed and its new brand of wafers launched.

Polychem

Polychem Ltd, a company owned by the Bombay based Kilachand group, manufactures thermoplastic raw materials, like polystyrene and styrene monomers, and industrial alcohol in its plant in and around Bombay. In its results for the year ending March 1987, the company has reported an increased turnover by 14 per cent to Rs 65.44 crores (previous year: Rs 57.43 crores). However, its gross profit at Rs 5.58 crores is 11 per cent lower than the previous year. Similarly, the profit after tax, at Rs 3.21 crores is also 20 per cent lower (Rs 4 crores).

However, since the company made downward adjustment in the profit for the previous year, by way of reversal of capitalisation of interest, to the tune of Rs 2.57 crores and wrote back depreciation of earlier years to the tune of Rs 85.61 lakhs this year, the final profit works out at Rs 4.07 crores (Rs 1.45 crores) or an increase of 181 per cent. The dividend for the year has been maintained at 25 per cent, same as previous year.

In brief

- **Gujarat Alkalies** is maintaining dividend at 26 per cent and has also declared a bonus issue in the ratio of 1:5. Sales increased by 27 per cent to Rs 70.02 crores (previous year: Rs 55.17 crores). The operating profit is Rs 13.16 crores (Rs 12.35 crores) and after providing Rs 3.77 crores for depreciation (Rs 4.53 crores) and Rs 6.35 crores for interest (Rs 3.65 crores), the net profit is lower at Rs 3.03 crores (Rs 4.16 crores).
- **Lloyd Steel** is paying a maiden dividend of 15 per cent (after going public) for the year ended 31 March 1987. The company posted sales of Rs 31.65 crores and after making the necessary provisions the net profit is 87 per cent higher at Rs 1.59 crores
- **Chowgule Steamship** has declared a net loss of Rs 6.13 crores for the year ended 31 March 1987. Freight and charter income was higher at Rs 25.42 crores (Rs 23.54 crores) but interest and guarantee commissions surged to Rs 6.30 crores (Rs 4.67 crores). For the sixth consecutive year, the company is not paying a dividend.
- **Ion Exchange (India) Ltd** is paying a total dividend of 20 per cent for the year ended 30 April 1987. Sales and other income increased to Rs 32.44 crores (Rs 25.98 crores) and after providing for taxation, the net profit is Rs 94.57 lakhs (Rs 65.01 lakhs).
- **Bata** has received approval from the controller of capital issues for its 1:1 bonus issue. The company will capitalise Rs 5.25 crores from the general reserve for the purpose.
- **Hind Syntex** has announced a dividend of 20 per cent for the year ended 30 April 1987. Sales increased from Rs 18.46 crores to Rs 22.96 crores and the net profit is lower at Rs 98.15 lakhs (Rs 1.18 crores).
- **The Investment Trust of India** has declared a equity dividend of 25 per cent and a 1:1 bonus issue for the year ended 31 March 1987. The market value of the company's quoted investment was Rs 9.12 crores (Rs 9.25 crores). Gross earnings were higher at Rs 4.09 crores (Rs 3.36 crores) and gross profits were Rs 1.26 crores (Rs 1.05 crores).

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Company Meeting

The Tata Iron And Steel Company Limited

Chairman's Statement

A Challenging Year

The following is the statement of Mr. R. H. Mody, Chairman of the Tata Iron and Steel Company Limited, for the year 1986-87.

When the history of our time comes to be written, 1986-87 will, no doubt, go down as a particularly difficult year for our country. On the political and law-and-order fronts, there have been parts of the country which have virtually been in a state of civil war. The last monsoon has been very wayward, flooding large parts of North India and leaving other areas dry, causing drought in several States, with their consequential effect on State finances. The various liberalisation programmes, initiated by a young and dynamic Prime Minister who took over a little more than two years ago, seem to have faltered due to a variety of reasons which have been widely commented upon in Parliament, in the Press and other media during the year. The climate for investment in industrial development, which had reached a high water-mark in June 1986 at the time when I wrote my last Statement, has been eroded and the boom in the share markets at that time has now reached a state where the 'Bears' rule supreme.

Commendable Performance

2. It is against these developments of great stress that we have to review the performance of your Company and, if I submit to you that it has been commendable and deserving of high praise from all of us, it is because it has been achieved in very adverse circumstances. Thus, while the production of iron, liquid steel and saleable steel has reached new records, the profits for 1986-87 are lower than the peak performance of last year because cost escalations entirely outside the Company's control have remained uncompensated since the last price increase was given on February 21, 1985. These escalations mainly pertain to raw materials, freight, power, State cesses on raw materials and increases in dearness allowance due to inflationary pressures. Simultaneously, the operations of the Company for several months were severely restricted by a massive shortage of power from the DVC, leading to an increase in the proportion of semi-finished steel.

Meeting the Challenges

3. However, the Company has met these challenges successfully through a rigid and continuous control on costs, better utilisation of power available to it, a continuous improvement in the operations of all the Steel Melting Units including the LD Shop, apart from maximising production in the blast furnaces. You will recall that last year I had confessed to a certain sense of disappointment with the production at the blast furnaces and mentioned the fact that I was unhappy with the performance of this department. A dramatic change has now taken place and I am very happy to state that the production at the blast furnaces during the period under review has been the highest in the Company's history and it is

with confidence that I can say that, with the completion of the second phase of the Modernisation Programme in 1988-89, it should be possible to push up finished steel production to 2.1 million tonnes.

Modernisation

4. On March 2, the new 300,000-tonne Bar and Rod Mill, the most modern of its kind in the country, was inaugurated on schedule in the record construction time of 20 months. Good progress has been made on the raw materials yard and the Sinter Plant. Work is also in progress to augment our power capacity by 60 MW. We have been actively pursuing the Government's suggestion, made to us earlier, that by the mid-1990s Tata Steel, through a continuous process of modernisation, should add a million tonnes to its capacity. We have been sending out technical teams to examine equipment in several parts of the world. We have been undertaking a continuous review of the financial burden which would arise when this programme is implemented and it is my expectation that, in the not-too-distant future, we will receive from the Government the necessary approvals, in principle, and present to the Board and you what will be the third phase of our Modernisation Programme.

A Sorry Tale

5. Although the year under review, as I have stated above, recorded the highest production of finished steel and the second highest profits in the history of the Company, I have to place before you a sorry tale. In his zeal for bringing to book economic offenders, the previous Finance Minister formulated a scheme that all those corporations who had excise dues of more than Rs. 5 crores would be 'blacklisted' and no licences, permits or sanctions of any sort would be accorded to them. It is unfortunate that Tata Steel was included in this list in spite of the fact that not a single rupee of excise was due. It is true that assessments to the tune of about Rs. 35 crores were before the courts and for which proper stay orders had been obtained. It is equally true that during the same period, over Rs. 1,200 crores by way of excise were paid by your Company. On a demand to pay up the so-called 'dues', we pointed out to the Government that the sums claimed by them could only be considered as 'dues' after the courts had passed judgment on them and, in any case, they constituted a very small percentage of the total excise paid by us. We were not, however, prepared to surrender our right to challenge assessment orders passed by subordinate officers if, in our opinion, these were not proper. The fact that the contested orders formed a very small percentage of the total dues paid was a clear indication that we were neither trying to deprive the Government of their dues nor had we taken these matters frivolously to the various courts.

The Hold Up

6. Barring the sanction of the Government to the issue of Bonus shares, approved at the last Annual General Meeting, no sanction or licence has been granted to the Company in the last twelve months. In spite of efforts having been made at every quarter in the Government to undo the injustice done to the Company with our track record of integrity, probity and performance, we have not been successful and the following sanctions and permissions are still awaited from the Government:

(1) Industrial Licence for Cement Project
(2) Application under MRTP Act for Tata Korf Engineering Services
(3) Application for 100% Export Oriented Chrome Ore Beneficiation Unit
(4) Application under MRTP Act for increase in capital of Kalimati, a subsidiary of Tata Steel
(5) Rights Issue by Kalimati.

7. I need say nothing further except to let you and the people judge whether India's interests have been served well by the treatment meted out to a Company of the standing of Tata Steel.

8. On a personal note I would like to bring to your attention that after obtaining your sanction, the Company had written to the Department of Company Affairs for extending my services as Managing Director for a further period of five years. They have written back to us saying that since the excise dues have not been paid, approval to my continuing as Managing Director could not be granted. We have written to them on 19th March 1987, but nothing further has been heard.

Industrial Relations

9. Industrial relations in our Company continue to be excellent. Our performance in the plant is really a measure of the efforts put in by our workers, supervisors and officers and my thanks go out to each and every one of them for the enthusiasm with which they contributed to our affairs. A special word for the Tata Workers' Union which continues to show constructive trade union leadership unmatched by any other in our country. This has been a major contributory factor in our success. It is because of these inherent strengths that I remain optimistic about the future of our Company.

Chairman

Bombay, 30th June, 1987.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

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New Issues

GHCL

After a lull, the new issues market is showing signs of renewed activity. On 18 August, after several postponements, Gujarat Heavy Chemicals Ltd (GHCL), promoted by the Gujarat Industrial Investment Corporation and Sanjay Dalmia, is finally making its public issue of Rs 70 crores. The promoters contribution is Rs 36.75 crores and Rs 35.25 crores is being offered to the public.

GHCL is implementing a giant Rs 246.68 crore project near Veraval, Gujarat for the manufacture of soda ash. The plant has a capacity of 400,000 tpa which places it in the same league as Tata Chemicals, the largest producer of soda ash in the country. According to the promoters, GHCL is placed in an advantageous position because it will be utilising the latest available technology, effecting substantial savings in energy consumption. The technical knowhow for the project comes from Azko Zout Chemie of the Netherlands and Klockner Industries of West Germany. But with a substantial equity base and high gearing, GHCL's ability to service both capital and borrowings in the first few years will definitely place it under pressure. But the company has been granted a 14 year sales tax holiday which will save GHCL an estimated Rs 70 crores during this period.

The soda ash market in the country is cyclical with alternating periods of glut and shortages. Besides GHCL, the four existing players in the market are Tata Chemicals, Dhrangadhra Chemicals, Punjab Alkalies and Saurashtra Chemicals. Soda ash production in 1985-86 was placed at 880,000 tonnes (installed capacity, one million) but this falls short of domestic demand by 80,000 tonnes. Thus, imports are inevitable but the manufacturers' contend that these should be regulated. Over 150,000 tonnes are imported every year under OGL and the landed price works out cheaper than what the manufacturers demand in the domestic market. And since 1984 there has been a glut in the market due to a surge in imports. However, GHCL officials are unfazed by this gloomy scenario. They feel that demand for soda ash is expected to increase to 1.489 million tonnes by 1990 and Indian manufacturers will be able to produce 1.282 million tonnes indicating a demand-supply gap of 207,000 tonnes. The catch lies here because the landed cost of soda ash will continue to dictate the price that domestic manufacturers can levy on the product.

GHCL expects to commission its plant by end 1987 and, during the first year ended 31 May 1988, has projected a turnover of Rs 45 crores. In its first full year of operations, ie, 1988-89, GHCL officials say that production will be 380,000 tonnes with capacity utilisation at 80 per cent. Turnover is placed at Rs 110 to 120 crores and gross profit, after interest and depreciation, at Rs 25 crores.

Nicco Batteries

After a runaway success of its Telelink Nicco public issue earlier this year, the Calcutta based National Insulated Cable Co (Nicco) group is coming out in the market on August 10 with another company namely — Nicco Batteries. It is offering Rs 1.50 crore in equity shares of Rs 10 each at par to the Indian public. The company preponed its issue from December to take the advantage of the success of the Telelink Nicco issue (over subscribed 5.7 times).

Nicco Batteries is setting up a storage battery plant for automobiles, with an investment of Rs 8.55 crores, at Surajpur in the Ghaziabad district of UP, with an installed capacity of 240,000 storage batteries per annum. The project is being set up in financial and technical collaboration with a US firm — Globe International, well known in the field of storage battery technology in the world.

The company is being jointly promoted by Furmanite Nicco, a Nicco group company well known in the field of industrial leak sealing services; Crompton Greaves, a reputed manufacturer of electrical equipment belonging to the Thapar group; and PICUP a UP state government undertaking. Of the total equity share capital of Rs 306 lakhs, Rs 150 lakhs (49 per cent) is being offered to the Indian public in the form of 1.5 million equity shares of Rs 10 each. Participation of the promoters in the equity capital is as follows: Furmanite Nicco Rs 43.80 lakhs (14.3 per cent) and Crompton Greaves and PICUP Rs 30 lakhs (9.8 per cent) each. Besides, Globe International will also have a equity stake of Rs 52.20 lakhs (17.1 per cent).

The market for automotive batteries is growing fast with the rapid increase in the production of different categories of automobiles in the country. There are five units in the organised sector, occupying about 45 per cent of market. The balance of the demand is being met by the small scale sector. "But there exists a large demand for the batteries with superior functional qualities as a result of emergence of the new generation machines in two-wheelers, passenger cars and commercial vehicles. And that is the main strength of Nicco Batteries because its product is going to be far superior than the existing ones," said Abhijit Sen, chairman of the company.

The project is expected to be commissioned in the first quarter of 1988 and, according to Sen, it will achieve a turnover of Rs 20 crores in the third year of operation, with a net profit of Rs 2 crores.

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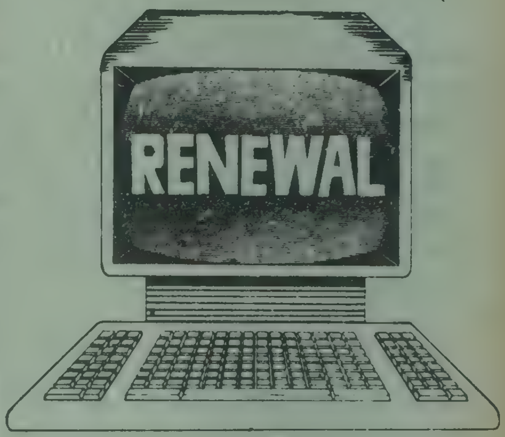

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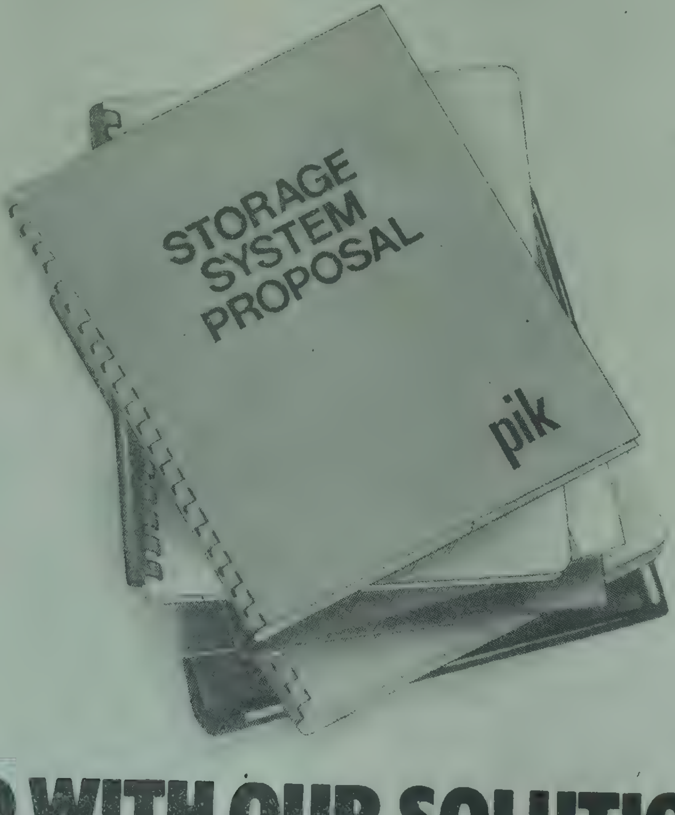

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Stock market review

Institutional crutch

The erratic monsoon and bad political climate continued to depress market sentiment, which remained bearish even though share prices went up over the fortnight. The Unit Trust of India (UTI) purchased a large number of shares on 9 July and on the days thereafter, thereby raising share prices as well as the net asset value (NAV) of Mastershares. Trading however, remained thin, and the market fell towards the fortnight's end because of continued political uncertainty and the absence of Unit Trust's strong support. The State Bank of India announced a mutual fund which may be India's first mutual fund in the true sense of the word. The Delhi Stock Exchange was closed for several days because of raids on brokers there. Meanwhile, shares of Birla companies were in demand on news of the reconstruction of the group.

Gains and losses. It is an axiom of stockmarkets that when a share is sold by someone, it is also purchased by someone. Hence, if the market is dominated by speculators, a fall in the price of a share means a gain to some speculators and an equivalent loss to some other speculators. This simple fact, that gains and losses offset each other in stockmarket trades, is often lost sight of and often leads to the most illogical of arguments being pur forward by thinking men.

Consider, for instance, the oft-cited conspiracy theory that bears have conspired to bring share prices down in recent times. Given that the volume of trades has been about 25 per cent of the normal (1986) trades over the last several months (ie, there has been little investment buying) so that most trades have taken place between speculators, it follows that some speculators have lost and others have gained equal amounts. Can one say then that the losers have conspired with those of their fellows who have gained in order to bring prices down?

For the period under review, the stockmarket fell during the last three days under review, with the Bombay Stock Exchange sensitive index for equities declining from 500.61 on 14 July to 485.36 on 17 July. This is a fall of about 3 per cent. This decline has been attributed by the financial press to end-of-account considerations, ie, it is stated by financial reporters that with the fortnightly *badla* transactions due for the weekend, forward positions were being squared off in anticipation of high *badla* charges. The general attitude to the fall was: "Do not worry, this type of fall is quite expected because of end-of-account considerations." Meanwhile, the Bombay Stock Exchange authorities continued to press the government for a lifting of curbs on forward trading, on the ground that the market had stabilised.

A little thought will show that the arguments are far from being logical. In fact, the above events clearly show that the market is in an unstable condition. If the market fell so sharply because of routine end-of-account considerations, which investor would have bought shares on 14 July if he expected a "routine" 3 per cent price dip towards the weekend? Even if the purchaser anticipated some fall in prices, without knowing how much, would he not wait till the last trading day (17 July) before placing his orders?

So while the market appeared to be regaining its health over the last fortnight (the *Economic Times* All-India Index of share prices rose from 239.5 to 249.1, an increase of 4 per cent, which followed an 8 per cent rise over the previous fortnight), it is the anomaly described above that will help us tell the real story.

If it's Thursday. As usual, the real story revolves around institutional trading behaviour. It has been earlier noted in this column that the Unit Trust tends to centre its buying more on Thursdays than on any other day of the week, probably to assist Mastershares' net asset value, which is calculated on Thursday's prices. The Unit Trust entered the markets as a buyer in a big way and purchased shares on Thursday (9 July), which resulted in the largest single daily rise of the fortnight. This led to a flurry of short covering, and the market continued to rise over the next few days before retreating as described above towards the end of the second half of the fortnight.

The real story can now be told and it has an important message for the government. It is that prices have fallen over the latter half of the fortnight because the Unit Trust did not enter the markets and for no other reason, just as prices earlier went up on UTI's buying and for no other reason. In other words, there has been no change in market sentiment over the fortnight. The only reason why people were willing to buy shares on 14 July was because they expected UTI to enter on Thursday and prop up the market, and for no other reason. Since UTI failed to enter on Thursday, prices fell as buyers covered their bought positions to avoid *badla* charges. But the market sentiment remains bearish and nothing that the Unit Trust has done will change that.

The lesson to be learnt is that UTI's current strategy of raising prices will not work. What is the current strategy? It is simple: it has involved spurts of concentrated buying, with a waiting period in between these spurts to see how the markets fare without UTI support. Meanwhile, it is necessary to create uncertainty in the minds of bears about UTI's next probable date of entry so as to prevent too steep a fall in share prices in between the buying spurts. This is done by being ready to buy at least a certain amount every day but by placing orders just before trading commences for the day so that the news does not leak out early enough for bears to cover their tracks and escape without loss. Further, of late, after the ban on forward trading, UTI has been buying its shares mostly in the last half-hour of trading so as to force day-bears (those who sell at the beginning of trading hours and cover towards the end, so that they do not have a forward position at the end of the day) to cover at higher prices and thus lose money.

Such a strategy is unlikely to work because it has an inherent weakness. It relies on creating uncertainty in the minds of bears about UTI's timing of entry into markets. Without such uncertainty, bears would simply stay out of the market until they were certain that UTI was out of the market too, and they would then act to foil UTI's buying efforts.

The problem with such a strategy is that creating uncertainty for bears equally creates uncertainty for investors. Investors also do not know whether UTI will enter and raise prices (which implies that they should buy) or whether UTI will stay out for a while and allow the market to ride (which implies that they should sell or stay away from buying). This increase in uncertainty for investors, who are basically highly risk-averse, will in fact tend to make them stay out of the market rather than take the risky chance of outguessing better informed bears on UTI's probable strategy. Unit Trust's strategy, then, may actually be exacerbating the problem of declining prices by encouraging investors to leave stockmarkets.

Dispel fears. There is a workable strategy. If the government really wishes to push prices up in a sustained way, it can do so, for it has the financial clout. The way to do it is to announce publicly that UTI will ensure through its open market purchases that stock prices will grow at a certain given rate (say 2.5 per cent) per month. This will dispel the investor's fear while ensuring that bears stay away. Milton Friedman would have appreciated this suggestion because he was the first modern economist (though several of the classical economists wrote about the problem in connection with the effects of money supply) to suggest that uncertainty about an economic target leads to more harm than good.

Of course, this analysis still leaves open the question as to why the government is interested in price rises when corporate performance is weak. But this really begs the question of what one means by the phrase "healthy capital markets" and is outside the purview of this report.

Meanwhile, the State Bank of India announced its mutual fund which will be structured like UTI's Mastershares but with the important difference that investors will be able to redeem their shares at net asset value (less a small commission charge) through SBI itself. This is therefore a real mutual fund in the sense of establishing a mutual relationship between investor and manager and is to be welcomed. As is known, Mastershares is a closed-end fund in the sense that investors cannot redeem their shares at NAV with the company but must sell them in the market at a large discount.

Corporate results were mixed, with good results from Finolex, Indian Dyestuff and Colour Chem (due to good demand in the industries they belong to). India Cements suffered a setback as did Pfizer. Gujarat Alkalies announced a 1 for 5 bonus in spite of weaker results. This makes little sense because a bonus will have to be serviced by higher future earnings and should usually never be issued when the firm earns less in a particular year, unless the prospects for the coming year are unusually bright. Such is not the case for Gujarat Alkalies.

Birla shares were in good demand through the fortnight, after reports about the group's restructuring. Century Textiles rose from Rs 670 to Rs 700, Grasim Industries from Rs 101 to Rs 110 and Hindustan Aluminium from Rs 115 to Rs 129.

Thus, markets continue to limp on an institutional crutch. A few months of amnesia may be the investor's only relief. Meanwhile, pray it rains.

RAFIQ DOSSANI

Bombay Stock Exchange

Auction trading

In early May, the Bombay Stock Exchange (BSE) administration got into the act to bring to book short sellers–of shares in the non-specified list or "B" group by auctioning shares that sellers did not deliver. Since then, on an average, the BSE has been holding two to three auctions every week. The share prices at the auctions have invariably been higher than the price on the ring. As a result, sellers who did not deliver share certificates have had to pay the difference between the new (higher) price and the price earlier contracted.

Auction trading is an arrangement by which the BSE steps in (see box) and makes available a new supply of shares for the buyer broker on behalf of the defaulting seller broker. The difference in the prices of the new shares and the earlier price transacted on the trading ring is made good by the selling broker if it is higher and by the buying broker if it is lower. For instance, the price of Khoday Distillers was quoted Rs 55 (Rs 10 paid up) on the ring and Rs 60 at the auction, the seller broker would pay the difference of Rs 5 per share.

Auction statistics

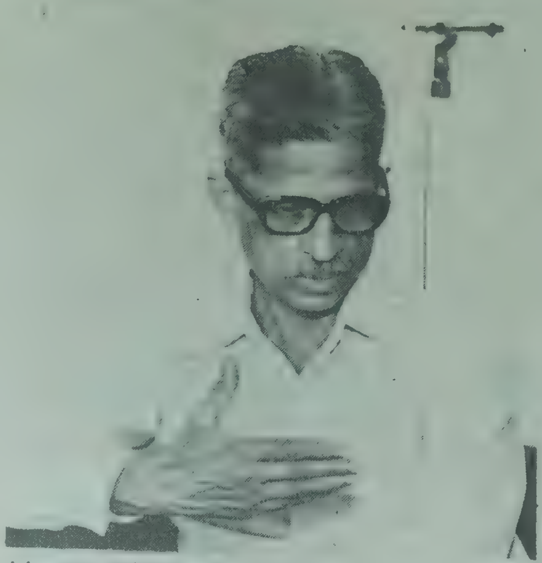
Name of company	Number of shares	Auction purchase price (per share)	Market rate as on 8 June 1986 (per share)
FICOM Organics	200	250	200
	600	255	200
Vam Organics	800	93	81
Associated Bearings	10	925	865
K Distillers	600	60	47
KSB Pump	150	300	260
Otis	3150	250	197.50

The auction process

The fall of the hammer does not signal a closing bid for shares that are put up for auction by the BSE. Below are brief details of the procedure.

- A buyer broker, who has not received delivery, sends a notice to both the BSE and the seller broker from whom delivery is due.
- If delivery is not made within 24 hours, the BSE notifies the seller and puts up the scrip for auction through the notice board.
- Sealed bids are invited from members and the lowest bidder is asked to deliver the shares to the original buyer.
- The buyer broker pays the auction price and the difference is claimed from the original seller who couldn't deliver in the first place.

In this way a fresh supply of shares is arranged from alternate sources and the original sale becomes void.



Mayya: tighter laws needed

Not new. Auctions are not new to BSE, but so far they were few and far between. "The periodicity and volume have increased over the past six to eight weeks as the institutions (UTI, GIC, LIC), which bought a large number of "B" group scrips in May and June, insisted on delivery," says M. R. Mayya, executive director of the BSE.

It started with the UTI making substantial purchases and finding deliveries not being effected. The UTI management then insisted on delivery and thus began the long list of auctions. Over this period, several "B" group scrips were oversold — sellers could not give physical delivery of the share certificates — and business of more than Rs 2 crores was transacted. According to Mayya, 2 to 5 per cent of the shares transacted have come up for auctions.

So far the convention has been to permit carry forward of transactions where delivery of "B" group scrips could not be effected since the buyer and seller accommodated each other. When restrictions were imposed on short selling of "A" group shares brokers quickly switched to short selling "B" group shares which is technically not permitted. And soon it was found that sellers could not deliver shares. Institutions then saw auctions as the only way out.

Says Mayya, "Earlier we used to permit auctions of shares at a 10 per cent ceiling over the market price without any further investigations. Now we permit auctions at 20 per cent higher price levels and at even more after giving due notice to the sellers."

But auctions can also work against investments. In an otherwise healthy practice, investors do lose out when companies delay transfer of shares for several months. Investors then find it difficult to sell their shares at the best prices only due to the calculated delay by companies which do not go through the formalities of transfer, transmission, call endorsement, splitting or consolidation within the stipulated time period.

"More teeth": "The provisions of the Securities Contracts (and Regulations) Act, 1956 should be changed to give it more teeth," emphasises Mayya. "This would enable the authorities to take companies to court and render them criminally liable."

Auction of shares is one way of bringing discipline into the markets. However, to rid them of unhealthy trends and practices that are rampant, the powers of the administration have to be reinforced by laws that have muscle.

BASUDEV DAS with D. SHAH

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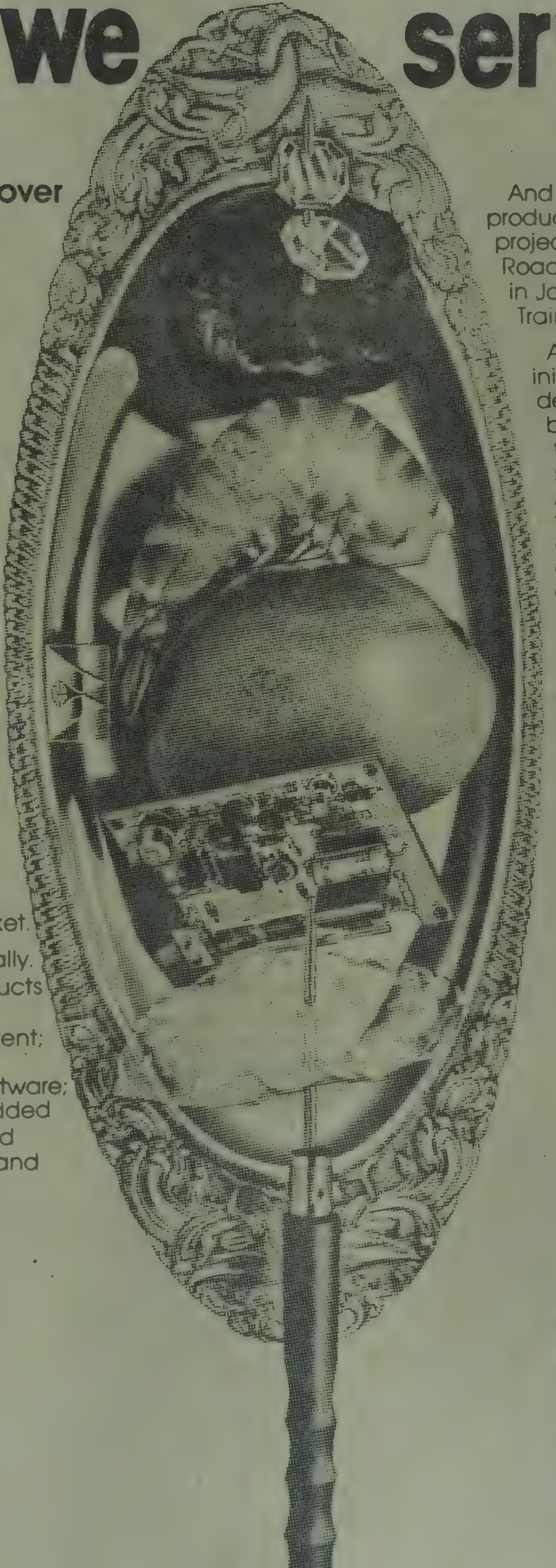

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Diary of a Merchant Banker

July 18, 1987
The Terrace Garden

"Quite like Manhattan, isn't it?" said TJ.

"Yes", I replied, "you would never believe that this was Bombay — unless of course you get hit by that stench of fish that seems to pop up ever so suddenly."

We were at the far corner of this lawn on the Terrace Garden at one of Nariman Point's prestigiously expensive buildings. The conversation at the party was drifting towards the political situation in Delhi and since I am quite convinced that all those fuzzy developments hardly make any difference to investment decisions of businessmen, I find those conversations utterly boring. If only the share investors were as smart as our businessmen seem to be and had learnt to discount the events in Delhi to be the irrelevant trite that it really is, we merchant bankers would not have to go around pleading for favours from anybody.

"Do you know", said TJ, "how much I am worth?"

I inhaled deeply and got the first whiffs of the upcoming stench right into my bronchules. Exhaling quickly, I gulped my vodka-tonic that would have given a stranger the impression that I was the one who was making all these air-dashes to Moscow. The host had warned me about this rather unusual man.

"Oh, come on, take a guess", said TJ mistaking my motions for nervousness, "there is no one listening." I had been told that TJ was the real estate tycoon of India and, knowing that he had a lot of property (and very little modesty), I figured he was worth a lot of money.

"A lot", I said.

"Obviously, you are shy", said the gleaming TJ, "but let me help you out a bit. Do you see this tile you are standing on. Well, that one square foot is worth roughly Rs. 3,500 at today's market prices and I have quite a lot of those tiles in my possession."

People can really be inconsiderate, sometimes. I mean, here we are, the poor breed of merchant bankers, precariously balanced between a bust and a bankruptcy, having the not-so-nice distinction of explaining to our children the Gandhian attitude to life and the benefits of simple living, a life with no vacations to London, Paris, and New York and here this fellow has the audacity to taunt me about his net worth.

"Tell me", continued TJ who was swaying not because of the wind but because of the excessive consumption of liquor his high net worth could afford, "do you still have a lot of shares?"

"Well, yes and no", I said rather guardedly.

"Don't feel shy" urged the relentless TJ. "Okay, assume you only own shares in those high flying FERA companies. Now, if you could get all those shares split into holdings of one share each and then if you were to put all those shares in one line where would they reach from this building?"

Distances and measures were always my weak point in school but now it was coupled with an infuriating personality. I tightened my grip on the glass of vodka and tonic and said very politely, "Oh, that would be difficult to do because it would take years for me to have the companies split my shares and explain why I wanted them split."

"But suppose the companies did split the shares for you", rambled the persistent TJ, "then where would they reach?"

This man was testing my civility but I hated being rolled over. A good lie, I figured would be better than losing out to this man. "Well, maybe if I could stretch them out, end on end, it would reach from here to, eh, let's see now, Chowpatty,... Pedder Road,... Worli... yes, that's it — Worli."

"Okay, Worli", said the unruffled TJ. "But, don't forget, ten of your FERA shares is only worth one of my tiles. So, if you were to factor that in then the distance comes to maybe — Churchgate,...Marine Drive...Chowpatty at best. Would you agree with that?"

"Sounds logical, I guess."

"Well, my tiles would reach to Worli. What do you think of that?"

"Nice", I said, "nice."

"I feel sorry for all you merchant bankers and brokers. You chase concessions all day long and then, after all the effort, you can't even get beyond Chowpatty."

"I must admit that I quite agree with that."

"And look at all those companies, those corporate giants. They have sales of hundreds and thousands of crores every year and their profits are only five or ten or maybe thirty crores in a good year and in a bad year you have to dip into this silly thing called reserves and plead with your auditors and bankers to let you declare a dividend. Imagine, after going through all that trouble of identifyng a product to manufacture, getting all those government approvals for foreign collaborations and imports, they get nothing in their hands."

"Well, five crores is not nothing, you know. It is quite a large sum of money."

"You are out of touch, my friend. Five crores can barely buy you one floor of any building these days — and that too unfurnished. I tell you, this is the best business to be in. One deal, one permit, and you're home. Real assets is what people want these days, not paper."

July 21, 1987
New Delhi

Obviously the government is not serious about the state of the capital markets. I mean, if they really were keen on collecting that magical Rs. 5,000 crores per year would they go about pulling the rug from under our feet every time we begin the long climb to 1986 peaks?

We had it all worked out to a "t". Today we were supposed to release an ad campaign showing how the president-to-be was elected by a margin of votes that indicated he also had the support not only of the entire Congress-I but also of some of the opposition and independent members. The jingle in the background was slated to the tune of *"Show Me"* a *la "My Fair Lady"* and had Congress-I loyalists taunting at the rather mesmerised opposition.

Well, I just called my sources in Doordarshan and requested them to dump the ad and play some mourning music not because I care about who comes and goes or whether a person was sacked or resigned but only because I think the political events are overshadowing the economic fundamentals of share investments. The new issues market which was just about to raise a gallant Rs 350 crores over the next few months may have to abort its takeoff attempts.

The press, as usual, is playing havoc with investor and market sentiment. Papers carry headlines which scream about the crash of the market when the share prices are actually going up on the same day. Since when was a drop of Re 1 from Rs 156 to Rs 155 in the case of ACC thought of as "a crash"? I am now absolutely convinced that we should have a commission set up to check the authenticity of news before it gets published.

The seminars and meetings are going on in any case, and everyone is trying to find a scapegoat for the sudden disappearance of investors. At one of the more recent introspective inquisitions, we had the broking community blaming companies for not servicing the investors, we had some people pointing at the institutions for not offloading their stock and creating a scarcity of good scrips, and we also had officials blaming the broking and merchant-banking community for taking on anything and everything. However, no one really tried to rope in the press for its lopsided reporting. It now seems to have been decided that mutual funds are the key to the survival of the market and everyone seems to be getting into this new act. The markets in any case are languishing on regardless of all this therapeutic introspection and the feeling with analysts seems to be that, if all that noise from Delhi stopped for a few days, we would see the market continue its long recovery home.

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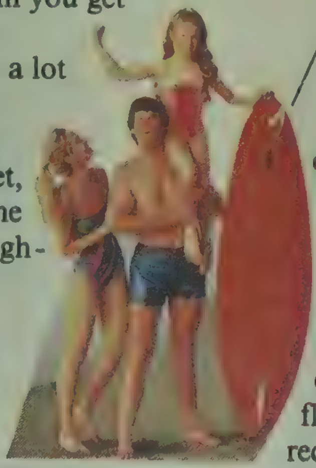

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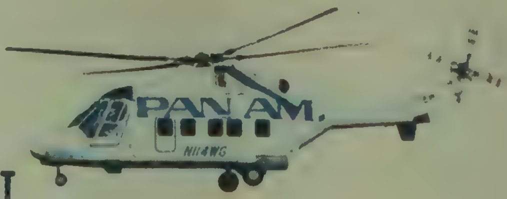

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Packaging music

Irshwin Balvani *manages the artistes & repertoire and public relations divisions at CBS Gramophone Records & Tapes in Bombay*

He cannot even drum on the table, and his gait is anything but musical. But, 31-year-old Irshwin Balvani of the Tata group's CBS (Columbia Broadcasting Systems) Records & Tapes is very much a music man. Constantly monitoring audience likes and dislikes, Balvani is one among the handful of people in the business who identify and package artistes and their wares for the world of showbiz.

Balvani feels like a catalyst among the artistes who perform for his company. Sporting a permanent smile to tackle the various moods of artistes, he essentially works to "bring them together" to produce music, and then, promote it among the listening public. And to highlight the "star quality" in the singers and musicians, he coordinates the promotional effort that includes stage performances, press publicity, advertisement releases, and photography sessions.

The high-point of Balvani's five-year career at CBS is the conception and production of a double-cassette set on yoga called *Mind and Body Temple* by film actress Rekha. With lessons for both beginners and the already initiated, Rekha takes on Jane Fonda with 11 *asanas* in an accompanying illustrated booklet, making the album one of the biggest grossers at CBS.

The possibility of *Mind and Body Temple* struck Balvani at a chance meeting with Rekha at a film set, where the actress spoke to him about her latest obsession — yoga. For the next year or so, he made it every day at 6 am to the health club at SeaRock Hotel in suburban Bombay, learning yoga along with Rekha. Meanwhile, he read up extensively on the subject, before they made it to the recording studios. "It is technically perfect," he says. "Nobody has been able to point out a flaw."

But in music, Balvani has had no formal training; he plays it by the ear. "Somewhere along the line as I listen to the music, and I get goose pimples, I know it's on," says the arts graduate who also has diplomas in solid state technology from the Xavier's Technical Institute and in marketing, from Davar's College. In fact, before he joined CBS in 1980 as one of its first employees, he worked with Dyanora TV on the shopfloor, and the Gramophone Co of India, selling stereo sets, recorders and players.

Balvani acts like a catalyst among the artistes who perform for CBS. Sporting a permanent smile to tackle the various moods of artistes, he essentially works to "bring them together" to produce music, and then, promote it among the listening public. And to highlight the "star quality" in the singers and musicians, he coordinates the promotional effort that includes stage performances, press publicity, advertisement releases, and photography sessions

"But I've grown up with msuic," he says, and feels comfortable making commercial decisions on music meant for both rustic and sophisticated ears. "When I am listening to a Marathi song, my mind is in Dadar, Parel and Kolhapur," he says. "After all, one has a range of audiences to please." But Balvani is aware that not all the music he likes may sell. "When I say I like it, what I have to mean is that my audiences will like it."

However, he relies a lot on feedback, and, according to him, of all sorts. The powerful music system installed in his office cabin is one that gets him an immediate response from those around. "I keep my door open when I play the music," he says, "and the staff in the office reacts to it. It is like instant feedback." Elsewhere, such as cinema theatres, whistles or catcalls from viewers are also good indicators of how his products will fare.

But new artistes could do with good presentation, and that is where Balvani uses his wits. "You have to tell them how to talk to reporters, what clothes to wear and how to pose during photo sessions," he says. "For example, if it is a ghazal singer giving a promotional stage performance, I have to make sure he does not come in jeans and a T-shirt. It has to be a kurta-pyjama outfit, otherwise the mood is spoilt."

Even as he is occupied with the nitty gritties of his artiste's hair style or nail polish, Balvani has to keep his ears alert all the time. A good singer or a musician left untapped means an opportunity left open for competitors. One of the more recent products from CBS that resulted from "marketwatch" is the chart-topping *Welcome* musicassette, which features singer-actress Salma Agha along with actor Anil Kapoor, with Bhappi Lahiri wielding the baton. "Nobody would have thought that Anil Kapoor would be a singing star," says Balvani, "but *Welcome* is one of our biggest sellers."

The next from CBS is *Pack That Smack*, a cassette-ful of music on drug abuse by the Goan singer Remo, who has Rajiv Gandhi among his patrons. For Remo, the association with CBS will be his first with any music recording company, and for Balvani, another opportunity. He hopes to find a large market in Bombay and elsewhere in the country for Goa's local hero. "You cannot stop a good voice, a good album," he says self-assuringly.

Even as listening to music all day may appear to be a pleasurable job, Balvani feels the need to "switch it off" at the end of the day. "Once I reach home, I don't listen to work music," he says. "I know *sharaabi* ghazals sell, but I still like my music to be *mehfil* style, with lots of musicians and lots of poetry... may be a moon coming up between the curtains."

His favourite, however, is the radio. "It sets my daily life," he says. "When the radio announcer goes over the weather forecast for fishermen, I know I have to be in the bath, or else I'll be late for work. And what's more, somebody is talking to you all the time, and you don't have to reply politely or smile."

SHANKAR P.

Stockmarkets

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 17.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
						High	Low					Yr	Ratio
ALUMINIUM		**48.59**	**82.43**		**323.45***			**15.81**	**29.25**		**1.03**		
Alum Ind (10)	03/86	2.70	0.20	10.74	4.50	5.75	4.00	–87.04	0.00	0.00	0.00	66	1 : 7
Hindalco (10)	12/86	13.39	41.83	41.24	129.00	135.00	94.00	28.83	44.75	15.00	1.16	86	1 : 2
Indal (10)	12/86	32.50	40.40	22.43	46.00	54.00	29.00	18.98	24.23	14.00	3.04	77	2 : 5
AUTO ANCILLARIES		**66.81**	**48.40**		**248.81***			**23.41**	**91.33**		**26.57**		
Auto Corp (10)	03/86	2.35	1.72	17.32	28.00	36.00	19.00	38.30	7.31	15.00	5.36		
Bharat Gears(10)	07/85	2.03	6.44	41.72	16.00	28.00	14.00	26.11	6.13	18.00	11.25		
Gabriel (10)	05/86	2.64	3.26	22.35	15.00	21.50	12.00	41.29	3.63	10.00	6.67	78	3 : 2
Goetze (10)	06/86	6.93	8.55	22.34	37.00	52.00	31.00	46.03	8.04	20.00	5.41		
Hind Ferodo (10)	12/86	5.50	0.58	11.05	20.00	27.00	17.50	0.36	550.00	0.00	0.00	83	4 : 5
Kalyani Brks (10)	06/85	3.88	0.00	10.00	10.00	11.50	8.00	0.00	0.00	0.00	0.00		
Mico (100)	12/85	38.04	18.45	148.50	450.00	475.00	335.00	21.87	20.57	18.00	4.00	86	1 : 1
Sund Fast (10)	03/86	3.19	8.67	37.18	59.00	62.50	41.00	35.42	16.66	20.00	3.39	81	2 : 3
ZF Steering (10)	06/86	2.25	0.73	13.24	20.00	43.00	16.00	20.44	9.78	0.00	0.00		
AUTO-CAR/JEEP/TRAC		**65.57**	**167.37**		**214.18***			**56.29**	**36.41**		**12.75**		
Hind Motors (10)	03/86	26.32	54.01	30.52	27.50	35.00	22.00	58.89	4.67	12.00	4.36	86	1 : 1
Mah & Mah (10)	10/86	19.26	63.27	42.85	51.00	61.00	38.00	42.26	12.07	20.00	3.92	84	2 : 3
Prem Auto (100)	06/86	16.14	37.52	33.25	24.00	29.50	17.00	71.00	3.38	25.00	10.42	86	1 : 1
Punjab Trac (10)	11 85	1.54	8.59	65.78	13.00	16.00	10.50	51.30	2.53	14.00	10.77	81	2 : 5
Stan Motors (10)	12/86	2.31	3.98	27.23	12.25	15.75	11.70	44.16	2.77	10.00	8.16		
AUTO-LIGHT TRUCK		**58.62**	**51.14**		**76.46***			**14.50**	**114.86**		**21.59**		
Allwyn Nis (10)	06/86	16.54	0.00	10.00	4.00	6.50	3.00	0.00	0.00	0.00	0.00		
Bajaj Tempo (10)	09/86	6.58	40.99	72.29	70.00	100.00	62.50	129.18	5.42	12.50	1.79	85	1 : 1
DCM Toyo (10)	06/86	15.00	0.15	10.10	8.00	10.00	6.00	0.00	0.00	0.00	0.00		
Eicher Mot (10)	00/00	10.00	10.00	20.00	6.00	7.00	5.00	0.00	0.00	0.00	0.00		
Swaraj Maz (10)	00/00	10.50	0.00	10.00	5.50	6.50	0.00	0.00	0.00	0.00	0.00		0 : 0
AUTO-HVY TRUCK		**74.57**	**231.10**		**317.90***			**11.94**	**46.94**		**18.84**		
Ash Leyland (10)	12/86	21.39	68.18	41.87	35.50	40.00	27.00	27.91	12.72	16.00	4.51	78	1 : 2
Telco (100)	03/87	53.18	162.92	406.36	455.00	665.00	350.00	5.51	82.58	10.00	2.20	82	2 : 5
AUTO 2/3 WHEEL		**59.67**	**180.61**		**589.23***			**93.87**	**150.06**		**5.14**		
A.P. Scooters (10)	07/86	9.12	0.24	10.26	4.00	4.00	0.00	40.02	1.00	0.00	0.00		
Bajaj Auto (100)	06/86	9.41	127.50	1454.94	4625.00	4925.00	3950.00	414.13	11.17	50.00	1.08	84	1 : 1
Enfield (10)	06/86	3.12	8.41	36.96	10.00	19.50	8.50	61.54	1.63	15.00	15.00	84	1 : 1
Hero Honda (10)	06/86	12.00	1.15	10.96	18.00	31.00	16.00	9.58	18.78	0.00	0.00		
Kinetic Eng (10)	06/86	1.20	12.78	116.50	200.00	310.00	175.00	317.50	6.30	30.00	1.50	83	1 : 1
Kinet Honda (10)	01/87	10.00	2.35	12.35	26.00	40.00	15.00	-45.60	00.00	0.00	0.00		
Maha Scoot (10)	06/86	1.43	8.08	66.50	172.50	195.00	125.00	269.93	6.39	35.00	2.03	83	3 : 7
Sund Clay (10)	05/86	5.69	19.58	44.41	67.25	71.50	54.00	100.88	6.67	25.00	3.72	83	1 : 1
TVS Suzuki (10)	08/86	7.70	0.52	10.68	16.50	26.00	11.50	19.09	8.64	0.00	0.00		
BEARINGS		**26.08**	**38.58**		**156.58***			**42.18**	**40.58**		**56.70**		
Anti-Friction (10)	03/86	3.00	3.95	23.17	12.00	14.00	9.00	7.67	15.65	8.00	6.67	83	1 : 2
Assoc Bear (100)	12/86	12.34	26.05	311.10	1110.00	1155.00	500.00	74.80	14.84	20.00	1.80	86	2 : 5
Bimetal (10)	06/85	1.91	6.07	41.78	58.00	67.00	42.00	71.73	8.09	21.00	3.62	81	1 : 2
Fag Prec (100)	12/86	2.00	3.42	271.00	110.00	225.00	110.00	8.50	12.94	7.50	6.82		
Karna Ball (10)	06/85	6.83	–0.91	8.67	4.00	7.00	3.50	0.00	0.00	0.00	0.00		
CEMENT		**93.84**	**209.30**		**237.87***			**46.43**	**119.54**		**8.95**		
ACC (100)	11/86	2.98	3.41	214.43	160.00	373.00	138.00	63.76	2.51	2.50	1.56	85	1 : 5
Andhra Cem (10)	03/86	9.51	10.80	21.36	13.00	23.00	11.00	23.55	5.52	15.00	11.54	67	1 : 2
Bagalkot (10)	09/86	1.00	4.00	50.00	23.00	32.00	21.00	48.00	4.79	15.00	6.52		
Birla Jute (10)	03/86	20.38	70.02	44.36	54.50	58.00	46.00	72.08	7.56	16.00	2.94	86	1 : 1
Guj. Ambuja (10)	06/86	17.91	0.00	10.00	10.50	15.00	8.50	0.00	0.00	0.00	0.00		
India Cem (10)	03/86	4.90	17.51	45.73	17.00	25.50	13.50	129.39	1.31	22.00	12.94	70	2 : 5
Mad Cem (100)	12/86	3.02	23.27	870.53	635.00	825.00	505.00	142.05	4.47	25.00	3.94		
Mang Cem (10)	12/86	7.11	10.38	24.60	15.00	22.50	13.00	29.82	5.03	15.00	10.00		
Mysore Cem (10)	06/86	4.99	15.98	42.02	30.50	35.00	23.00	34.07	8.95	17.50	5.74	85	2 : 5
Narm Cem (10)	12/85	14.00	0.15	10.11	6.00	7.25	4.00	–22.64	0.00	0.00	0.00		
Orissa Cem (10)	12/86	2.70	29.90	120.74	62.50	70.00	37.00	291.48	2.14	30.00	4.80	85	1 : 5
Raasi Cem (10)	06/86	5.34	23.88	54.72	18.50	28.00	10.00	95.69	1.93	18.00	9.73		
CHEMICALS		**236.68**	**371.13**		**1244.85***			**44.04**	**284.61**		**3.16**		
BASF (10)	12/86	2.84	9.52	43.52	83.75	92.50	65.00	46.48	18.02	18.00	2.15	79	1 : 1
Bayer (100)	12/86	8.11	17.45	315.17	405.00	785.00	405.00	65.97	6.14	25.00	6.17		
Cam & All (100)	12/86	2.60	4.58	276.15	180.00	210.00	150.00	25.38	7.09	18.00	10.00	82	1 : 3
Chloride (10)	08/86	12.90	16.21	22.57	85.00	98.00	66.00	69.53	12.22	39.00	4.59	86	3 : 5
Citurgia (10)	03/87	5.25	7.05	23.43	67.00	74.00	53.00	46.29	14.48	22.00	3.28		
Deepak Nit (10)	10/86	2.43	3.40	23.99	34.50	37.00	20.50	25.10	13.74	14.00	4.06	86	1 : 2
Gujarat Alk (10)	03/86	8.93	12.95	24.50	62.00	66.00	51.00	46.58	13.31	26.00	4.19	85	1 : 5
Gujrat Petro (10)	05/86	2.94	0.31	11.05	24.50	28.50	17.50	22.45	10.91	11.00	4.49		
Herdillia (10)	06/86	7.35	13.65	28.57	36.00	38.00	29.50	47.76	7.54	18.00	5.00		
Hico Prod (10)	12/86	2.49	4.74	29.04	15.50	22.00	10.00	2.41	64.33	10.00	6.45		
IEL (10)	09/86	40.87	72.54	27.75	63.00	63.00	45.00	47.49	13.27	22.50	3.57		
Ind Oxygen (10)	09/85	14.60	12.90	18.84	46.00	62.50	39.00	27.81	16.54	16.00	3.48	85	1 : 3
Indrol (10)	06/86	2.54	10.06	49.61	233.75	340.00	160.00	90.55	25.81	25.00	1.07		
ION Exch (10)	04/85	0.96	2.39	34.90	89.00	146.00	58.00	60.42	14.73	20.00	2.25		
Modi Alkalies (10)	04/85	10.64	–0.61	9.43	7.25	10.00	5.00	0.00	0.00	0.00	0.00		
Nat Perox (100)	03/86	2.28	6.07	366.23	910.00	1125.00	710.00	48.25	18.86	20.00	2.20		
Nocil (100)	12/86	36.00	51.46	242.94	445.00	577.50	382.50	46.47	9.58	1.80	0.40	86	1 : 2
PIL (100)	12/86	12.87	24.43	289.82	700.00	700.00	590.00	54.93	12.74	23.00	3.29	82	1 : 3
Punjab Alk (10)	06/85	9.99	2.77	12.77	6.50	7.50	4.00	–15.12	0.00	0.00	0.00		
Syn & Chem (100)	09/85	5.81	3.49	160.07	195.25	225.00	75.00	6.88	28.36	8.00	4.10		
Tata Chem (10)	03/86	27.19	86.35	41.76	72.00	94.00	61.00	79.74	9.03	25.00	3.47	85	2 : 5
Tuti Alkalies (10)	12/86	12.93	0.00	10.00	12.00	15.00	8.00	–5.41	0.00	0.00	0.00		
Vam Org (10)	04/86	4.16	9.42	32.64	89.00	108.00	64.00	129.33	6.88	20.00	2.25		
CIGARETTES		**42.63**	**56.34**		**200.90***			**38.99**	**77.06**		**26.61**		
Godfrey Phil (10)	12.86	2.60	3.24	22.46	11.00	12.25	0.00	26.54	4.14	15.00	13.64	75	1 : 1
GTC (10)	12/86	2.60	3.74	24.38	14.50	19.00	13.00	26.54	5.46	15.00	10.34	72	1 : 4
ITC (10)	06/86	33.17	38.42	21.58	56.00	77.00	39.00	38.41	14.58	27.50	4.91	81	1 : 5
VST Ind (10)	09/86	4.26	10.94	35.68	20.00	30.00	19.00	58.69	3.41	26.00	13.00	77	3 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 17.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
						High	Low					Yr	Ratio
COMPUTERS		**6.97**	**9.22**		**56.85***			**47.92**	**268.47**		**16.93**		
ICIM (10)	12/86	2.50	4.37	27.48	23.00	28.00	15.00	38.00	6.05	16.00	6.96		
P.S.I. Data (10)	06/86	1.34	0.57	14.25	31.00	32.00	22.00	18.66	16.32	17.00	5.48		0 :
Tata Unisys (10)	12/86	3.13	4.28	23.67	150.00	225.00	127 50	68.37	21.94	40.00	2.67		
CONSTRUCTION		**18.73**	**60.10**		**131.61***			**39.51**	**331.70**		**7.53**		
Cemindia (10)	09/86	1.28	3.84	40.00	92.50	127.50	63 75	85.16	10.86	24.00	2.59	84	3 :
Gammon (10)	07/86	2.16	12.81	69.31	66.00	66.00	27.00	93.06	7.09	25.00	3.79	82	2 :
Hind Dorr-Ol (10)	11/86	2.38	7.85	42.98	285.00	407.50	156.25	164.71	17.30	35.00	1.23	86	1 :
Hind Const (10)	07/86	6.30	20.57	42.65	0.00	13.00	9.00	-30.95	0.00	15.00	16.67	83	1 :
Sae (10)	12/86	1.80	6.82	47.89	95.00	167.50	75.00	21.67	43.85	12.50	1.32	83	1 :
W.I.E. (10)	09/86	4.81	8.21	27.07	31.00	31.00	16.00	40.33	7.69	16.00	5.16	83	3 :
COSME & TOILET		**68.86**	**174.72**		**881.04***			**82.31**	**244.90**		**2.32**		
Colgate (10)	12/86	7.86	14.23	28.10	362.50	391.25	327.50	126.46	28.66	52.00	1.43	85	1 :
Hind Lever (10)	12/86	46.66	118.56	35.41	92.50	212.00	92 50	83 73	11.05	34.00	3.68	83	3 :
Lakme (10)	06/86	1.83	5.18	38.31	107.50	141.25	92.50	80.87	13.29	25.00	2.33	85	2 :
Oswal Agro (10)	06/86	2.87	6.77	33.59	85.00	147.50	72.50	91.99	9.24	32.00	3.76		
Ponds (10)	06/86	3.31	11.98	46.19	300.00	343.00	222.50	96.07	31.23	27.50	0.92	84	1 :
Tomco (25)	03/86	6.33	18.00	96.09	83.50	104.00	72.00	5.85	57.14	12.00	3.59	81	2 :
COTT & WOL TEXT		**92.08**	**244.70**		**561.87***			**41.82**	**134.39**		**7.97**		
Ahm Calico (125)	06/86	13.56	22.74	334.62	81.00	97.00	53.00	-59.59	00.00	0.00	0.00	77	1 :
Bom Dyeing (25)	09/85	11.24	31.71	95.53	89.00	92.00	40.50	24.56	14 50	7.00	1.97	79	1 :
Khatau Spg (100)	12/86	3.37	10.74	418.69	165.00	312.50	125.00	5.34	30.89	10.00	6.06	79	1 :
Madura Cots (10)	06/86	21.81	30.21	23.85	71.00	74.00	64.00	64.83	10.95	25.00	3.52	86	1 :
Mafat Fine (100)	03/87	6.48	18.22	381.17	240.00	300.00	200.00	41.36	5.80	1.70	0.71		
Mafat Ind (125)	03/87	8.10	40.71	753.24	330.00	420.00	305.00	79.88	3.31	1.76	0.67	78	1 :
Morarjee (10)	06/86	4.20	8.95	31.31	425.00	550.00	410.00	110.71	38 39	200.00	4.71	81	1 :
Raymond (10)	03/86	11.24	40.91	46.40	87.00	97.00	48.00	76.51	11.37	22.00	2.53	82	3 :
Shri Dinesh (100)	06/85	1.03	7.94	870.87	450.00	460.00	320.00	217.48	2.07	20.00	4.44	76	1 :
Stan Mills (100)	12/86	11.05	32.57	394.75	315.00	532.50	280.00	44.07	7.15	16.00	5.08	82	2 :
DIVERSIFIED		**223.35**	**642.82**		**1165.79***			**48.23**	**151.27**		**23.43**		
Ahmed Adv (100)	06/86	3.46	3.18	191.91	56.00	85.00	00.00	32.95	1.70	0.00	0.00	81	1 :
Century (100)	12/86	26.62	117.19	540.23	700.00	750.00	600.00	59.95	11.68	20.00	2.86		2 :
D.C.M. (10)	06/86	23.02	52.50	32.81	37.00	41.00	24.25	23.85	15.51	800.00	16.22		
EID-Parry (10)	06/86	6.28	4.31	16.86	21.25	23.00	16.25	16.72	12.71	10.00	4.71		0 :
Escorts (10)	12/86	13.38	62.38	56.62	43.00	60.00	35 00	60.84	7.07	22.00	5.12	86	1 :
Forbs Camp (10)	06/86	4.25	3.83	19.01	38.00	60.00	30.00	22.82	16.65	20.00	5.26	82	2 :
Hind Devel (10)	12/86	8.20	72.15	97.99	81.00	97.00	67.00	91.95	8.81	20.00	2.47	86	1 :
Hyd. Allwyn (10)	07/86	18.51	8.93	14.82	10.00	15.00	5 00	15.24	6.56	14.00	14.00		
Kesoram (10)	03/87	8.85	51.42	68.10	62.00	62.00	44.00	80.79	7.67	100.00	16.13	80	1 :
L & T (10)	09/86	51.97	132.36	35.47	76.00	98.00	67.00	59.01	12.88	17.00	2.24	86	3 :
Lohia (10)	10/86	13.50	8.64	16.40	15.50	34.00	13.00	34.74	4 46	20.00	12.90	80	4 :
Mac & Mag (10)	06/86	2.74	8.56	41.24	39.00	41.00	32.75	16.42	23.75	7.00	1.79		
Modi Ind (10)	03/85	2.17	11.90	64.84	26.00	31.50	17.00	162.67	1.60	18.00	6.92	69	1 :
Rallis (100)	05/86	5.64	16.58	393.97	620.00	775.00	500.00	76.42	8.11	25.00	4.03	77	3 :
Reck & Col (10)	01/87	4.20	9.13	31.74	184.00	197.00	147.00	99.05	18.58	25.00	1.36	85	2 :
Straw Prod (10)	12/86	10.14	32.68	42.23	48.00	57.00	39.00	63.21	7.59	20.00	4.17	72	1 :
Texmaco (10)	12/86	1.87	11.06	69.14	25.25	27.25	14.25	–208.56	0.00	0.00	0.00		
Voltas (100)	08/86	12.78	21.36	267.14	290.00	300.00	200.00	24.41	11.88	10.00	3.45	81	1 :
Zenith (10)	06/86	5.77	14.66	35.41	53.00	70.00	41.00	69.67	7.61	30.00	5.66	79	1 :
DYESTUFFS		**16.55**	**23.84**		**49.82***			**12.99**	**348.70**		**12.27**		
Coates (10)	10/85	1.11	1.75	25.77	52.50	55.50	00.00	45.05	11.66	21.00	4.00	86	1 :
Col-Chem (100)	03/86	7.94	8.88	211.84	367.50	405.00	265.00	18.26	20.12	14.00	3.81		
Ind Dyest (100)	03/86	7.50	13.21	276.13	197.50	210.00	165.00	2.67	74.06	10.00	5.06	[illegible]	1 :
ELECTRICALS		**81.51**	**163.69**		**345.47***			**28.03**	**205.30**		**12.12**		
Asea (10)	12/86	3.00	4.18	23.93	56.00	100.00	52.00	16.67	33.60	16.00	2.68	80	1 :
Asian Cab (100)	12/86	3.06	5.00	263.40	405.00	440.00	230.00	41.83	9.68	1.70	0.42	81	1 :
Best & Crom (10)	12/86	4.50	17.45	48.78	38.00	57.00	28.00	20.22	18.79	15.00	3.95	82	3 :
Eng Elec (10)	03/86	4.50	15.13	43.62	120.00	138.00	60.00	98.00	12.24	27.50	2.29	80	1 :
GEC (10)	03/86	7.20	15.91	32.10	42.50	66.25	39.00	33.75	12.59	15.00	3.53	72	2 :
Genelec (10)	06/86	2.16	4.06	28.80	82.50	247.50	62.50	90.28	9.14	25.00	3.03	84	1 :
Hind Brown (100)	04/86	4.00	10.07	351.75	235.00	420.00	235.00	35.75	6.57	15.00	6.38	78	1 :
Math & Platt (10)	06/86	6.40	5.67	18.86	80.00	102.50	65.00	49.38	16.20	17.00	2.12	86	1 :
Punj Anand (10)	09/85	0.80	0.22	12.75	5.50	10.50	5.50	21.25	2.59	5.10	9.27		
Siemens (10)	9/86	10.80	32.74	40.31	72.00	112.00	68.00	39.26	18 34	16.00	2.22	82	1 :
Stand Batt (100)	06/85	1.02	4.56	547.06	500.00	500.00	500.00	114.71	4.36	18.00	3.60	70	1 :
Uni Carb (10)	12/85	32.58	36.11	21.08	14.78	20.75	12.00	0.40	370.41	5.00	3.38	80	1 :
W.S. Insul (10)	09/85	1.57	12.59	90.19	30.00	36.00	27.00	69.43	4.32	18.00	6.00		
ELECTRICITY		**61.17**	**258.80**		**110.01***			**43.24**	**79.76**		**10.41**		
Ahmd Elec (100)	03/86	15.10	56.46	473.91	140.00	140.00	132.00	30.53	4.59	16.00	11.43		
And Valley (100)	03/86	9.32	25.72	375.97	180.00	192.50	155.00	19.10	9.42	16.00	8.89	75	1 :
B.S.E.S. (100)	03/86	5.85	56.21	1060.85	150.00	190.00	137.50	108.38	1.38	12.00	12.86	81	1 :
Cal Elec (10)	03/86	8.44	54.96	75.12	16.00	16.00	13.20	111.85	1.43	16.00	10.00		
Tata Hydro (100)	03/86	6.55	18.38	380.61	177.50	200.00	160.00	18.63	9.53	16.00	9.01	75	1 :
Tata Power (100)	03/86	15.91	47.07	395.85	240.00	310.00	205.00	19.23	12.48	16.00	6.67	75	1 :
ELECTRONICS		**45.64**	**33.43**		**191.5***			**-5.72**	**0.00**		**7.35**		
Gramophone (10)	03/85	1.80	–2.81	–5.61	9.50	11.50	5.87	-262.78	0.00	0.00	0.00	76	3 :
Nelco (100)	12/86	3.18	0.24	107.55	130.00	131.25	60.00	–39.31	0.00	0.00	0.00		
Peico (10)	12/86	33.32	31.40	19.42	47.00	57.50	36.00	1.41	333.20	10.00	2.13	82	1
Samtel (10)	12/86	3.03	3.62	21.95	67.50	73.75	13.75	74.26	9.09	25.00	3.70		
Usha Rect (10)	12/86	4.31	0.98	12.27	20.00	24.50	9.85	15.08	13.26	15.00	7.50	83	7
ENGINEERING		**143.79**	**237.40**		**971.56***			**38.53**	**359.03**		**4.21**		
Alfa Laval (10)	12/86	5.21	13.21	35.36	72.50	75.00	45.00	38.58	18.79	16.00	2.21	86	1
Andrew Yule (10)	03/86	7.53	12.45	26.53	23.00	24.50	16.00	31.08	7.40	10.00	4.35	67	2
Atlas Copco (10)	12/85	4.83	8.53	27.66	121.00	156.00	105.00	43.27	27.96	16.00	1.32	82	1
Avery India (10)	12/86	4.20	5.62	23.38	144.00	167.00	112.00	59.52	24.19	35.00	2.43		
C.P. Tools (10)	01/87	4.57	7.57	265.65	640.00	650.00	370.00	50.77	12.61	18.00	2 81	82	1
Elecon Engg (10)	12/86	3.53	25.13	81.19	63.75	125.00	60.00	118.98	5.36	22.00	3.45	81	1
Facit Asia (10)	06/86	1.91	2.17	21.36	32.00	36.00	00.00	45.55	7.03	15.00	4.69	86	2

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year
* market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 17.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
						High	Low					Yr	Ratio
Flakt (10)	12/86	3.40	2.05	16.03	55.00	55.00	10.88	35.88	15.33	18.00	3.27	86	1 : 3
GKW (10)	12/86	24.06	20.60	18.56	11.50	15.40	10.60	2.16	53.21	5.00	4.35	83	1 : 3
IAEC (10)	09/85	0.74	1.70	32.97	11.00	19.50	9.00	20.27	5.43	12.00	10.91	853 : 5	
Ind Sewing (10)	06/86	2.00	7.43	47.15	54.00	65.00	48.75	327.00	1.65	20.00	3.70		
Inger Rand (10)	12/86	7.90	13.25	26.77	330.00	360.00	265.00	97.09	33.99	25.00	0.76	85	1 : 1
Kelvinator (10)	06/86	3.55	17.59	59.55	42.00	54.00	32.00	94.93	4.42	15.00	3.57	84	1 : 1
Kirl Cumm (100)	09/86	13.20	45.67	445.98	50.00	97.50	40.00	60.98	0.82	20.00	40.00	83	1 : 1
Kirl Oil (10)	06/86	5.75	12.98	32.57	18.75	20.50	13.00	59.83	3.13	12.50	6.67		
Kirl Pneu (10)	09/85	3.85	3.37	18.75	11.00	12.00	9.00	3.64	30.25	0.00	0.00		
KSB Pumps (10)	12/86	4.36	7.62	27.48	345.00	375.00	220.00	117.20	29.44	20.00	0.58	86	1 : 1
Metalbox (10)	03/86	12.23	6.67	15.45	11.00	17.00	9.00	11.53	9.54	0.00	0.00		
Modi Xerox (10)	04/86	12.48	0.00	10.00	20.00	25.00	12.00	-48.00	0.00	0.00	0.00		
Otis (10)	11/86	5.04	7.05	23.99	245.00	250.00	155.00	56.35	43.48	22.50	0.92	85	1 : 1
Rem Rand (10)	03/86	2.67	3.30	22.36	27.00	33.00	21.00	39.33	6.87	18.00	6.67	86	1 : 2
Sandvik (100)	12/86	5.77	5.13	188.91	925.00	925.00	745.00	27.90	33.15	20.00	2.16	84	1 : 1
Tata Robins (10)	03/86	2.01	2.98	24.83	39.00	47.00	26.00	30.85	12.64	16.00	4.10	77	1 : 4
Walchand (10)	03/86	3.00	5.33	27.77	12.50	21.00	11.00	44.00	2.84	16.00	12.80	82	1 : 2
FERTILISERS		**202.66**	**432.52**		**1012.41***			**71.67**	**176.33**		**3.39**		
Coromandel (10)	03/86	16.21	47.96	39.59	44.00	65.00	39.00	62.80	7.01	20.00	4.55		1 : 2
Deepak Fert (10)	12/86	11.50	2.05	11.78	37.50	46.50	33.00	51.30	7.31	15.00	4.00		
Dharam Mor (50)	12/86	6.42	10.20	25.89	27.00	36.00	23.00	25.70	10.51	20.00	7.41		
GNFC (10)	06/86	88.98	93.05	20.46	42.00	60.50	36.00	81.42	5.16	18.00	4.29		
GSFC (10)	12/86	20.70	142.40	78.79	109.00	183.50	71.00	111.01	9.82	27.00	2.48	83	1 : 4
Mangal Fert (10)	12/86	12.42	13.87	21.17	30.50	39.50	27.50	87.44	3.49	12.00	3.93		
SPIC (10)	12/86	34.00	74.84	32.01	46.00	56.00	34.00	36.94	12.45	15.00	3.26	86	1 : 1
Zuari Agro (10)	12/86	12.43	48.15	48.74	70.00	88.00	56.00	69.75	10.04	25.00	3.57		
FOOD PRODUCTS		**50.20**	**120.25**		**737.65***			**93.75**	**318.90**		**3.63**		
Britannia (10)	11/86	8.85	19.59	32.14	127.50	135.00	83.00	83.16	15.33	27.00	2.12	87	2 : 5
Corn Prod (10)	9/86	0.75	1.09	24.53	32.50	65.00	21.25	65.33	4.97	14.00	4.31	78	1 : 4
Food Spec (10)	12/86	19.08	14.36	17.53	151.25	190.00	112.50	54.56	27.72	32.50	2.15	86	1 : 1
Hind Cocoa (10)	06/86	4.20	8.17	29.45	190.00	262.50	168.75	79.52	23.89	28.00	1.47	85	2 : 3
HMM (10)	04/87	7.09	25.29	45.67	255.00	267.50	202.50	298.87	8.53	55.00	2.16	85	3 : 8
McDowell (10)	06/86	6.40	37.02	67.84	87.00	91.50	20.75	22.03	39.49	10.00	1.15	86	1 : 1
Milk Food (10)	12/85	0.57	3.31	68.07	107.50	115.00	70.00	131.58	8.17	15.00	1.40		
Skol Brew (10)	06/85	1.26	1.45	21.51	30.00	35.00	30.00	62.70	4.78	10.00	3.33	82	2 : 5
United Brew (10)	06/86	2.00	9.97	59.85	38.00	41.00	27.50	66.00	5.76	10.00	2.63	75	1 : 1
IRON & STEEL		**132.03**	**450.12**		**820.16***			**92.78**	**61.15**		**11.20**		
Bihar Alloy (10)	12/86	7.00	10.90	25.57	13.00	18.00	9.00	-11.43	0.00	0.00	0.00		
Ipitata (10)	00/00	12.00	0.00	10.00	18.50	90.00	12.00	0.00	0.00	0.00	0.00		
Jindal Iron (10)	09/86	1.68	0.22	11.31	11.00	21.00	8.00	7.14	15.40	10.00	9.09		
Kalyani Steel (10)	08/86	1.12	6.27	65.98	200.00	207.50	110.00	222.32	9.00	25.00	1.25	83	1 : 1
Mah Ugine (10)	06/86	7.30	14.38	29.70	57.00	70.00	27.00	57.40	9.93	15.00	2.63		
Mukand (10)	6/86	9.83	9.17	19.33	77.00	81.00	62.00	51.68	14.90	15.00	1.95	0.00	0 : 0
Rathi Alloys (10)	06/86	2.88	4.11	24.27	12.00	17.50	8.00	46.53	2.58	10.00	8.33		
Spec Steel (100)	12/86	7.59	3.98	152.44	590.00	620.00	270.00	139.13	4.24	12.00	2.03		
Tisco (100)	03/87	82.63	401.09	585.40	725.00.	212.35	126.56	120.44	6.02	25.00	3.45	82	2 : 5
LEASING & FIN		**29.69**	**25.20**		**57.16***			**46.14**	**67.65**		**37.30**		
20th Cent (10)	11/86	6.34	10.86	27.13	20.00	35.00	16.00	59.78	3.35	27.00	13.50	85	2 : 5
Cifco (10)	00/00	4.00	0.00	10.00	7.00	11.00	6.00	0.00	0.00	0.00	0.00		
First Leas (10)	11/85	1.25	2.89	33.12	17.25	27.50	14.00	89.60	1.93	21.00	12.17		
Mazda Leas (10)	06/86	2.43	1.14	14.65	24.00	31.00	14.00	51.84	4.63	22.50	9.38		
Nagarju Fin (10)	09/86	2.44	1.92	17.87	13.50	16.00	10.00	54.92	2.46	23.00	17.04		
Press Leas (10)	09/86	2.46	1.66	16.75	13.00	18.00	9.50	50.41	2.58	23.00	17.69		
Ross Mur (10)	06/86	4.75	2.49	15.24	18.00	31.00	12.50	46.32	3.89	25.00	13.89		
Sund Fin (10)	12/85	6.00	4.24	17.07	31.00	35.00	28.25	45.67	6.79	20.00	6.45	86	1 : 1
PAINTS		**12.86**	**34.63**		**208.23***			**105.68**	**581.91**		**1.94**		
Asian Paints (10)	12/86	8.30	28.16	43.93	222.50	280.00	197.50	138.80	16.03	35.00	1.57	85	3 : 5
Garwa Paints (10)	06/86	1.32	2.09	25.83	28.50	31.00	26.00	44.70	6.26	14.00	5.00	81	1 : 4
Good Nerol (10)	06/86	3.24	4.38	23.52	61.25	100.00	55.00	45.68	13.41	20.00	3.27	78	5 : 7
PAPER		**37.10**	**136.24**		**154.67***			**78.11**	**49.50**		**16.54**		
Andh Paper (100)	06/86	5.62	11.25	300.18	90.00	160.00	70.00	43.24	2.08	16.00	17.78	80	1 : 4
Balkrishna (10)	03/86	1.20	4.16	44.67	92.50	115.00	82.50	124.17	7.45	20.00	2.16	85	1 : 1
Ballarpur Ind (10)	06/86	13.98	69.64	59.81	55.00	61.00	44.00	106.80	5.15	22.00	4.00	81	1 : 5
Bhadrachal (10)	09/86	10.57	12.65	21.97	39.00	54.00	29.00	65.18	5.98	20.00	5.13		
Orient (10)	03/86	5.73	38.54	77.26	35.50	74.00	31.00	56.54	6.28	20.00	5.63	77	1 : 2
PESTICIDES		**9.24**	**8.94**		**20.84***			**-32.36**	**0.00**		**124.54**		
Excel Ind (10)	09/86	4.62	6.78	24.68	21.50	30.00	17.00	10.39	20.69	10.00	4.65	84	4 : 5
Ficom (10)	09/86	0.64	2.04	41.88	130.00	140.00	86.25	237.50	5.47	30.00	2.31	87	1 : 1
Volhrho (10)	09/85	3.98	0.12	10.30	6.50	7.00	0.00	–125.38	0.00	0.00	0.00		
PHARMACEUTICALS		**143.22**	**250.81**		**859.32***			**41.20**	**454.64**		**4.18**		
Abbot Lab (10)	04/85	2.25	2.57	21.42	55.00	72.50	44.00	20.89	26.33	14.00	2.55		
Alembic Ch (100)	05/86	3.45	6.49	288.12	90.00	137.50	90.00	42.90	2.10	15.00	16.67		
Ambalal Sar (10)	06/85	22.19	30.35	23.68	9.00	14.75	6.75	45.74	1.97	0.00	0.00	81	1 : 5
Astra Idl (10)	06/86	2.50	1.43	16.72	40.00	57.00	31.00	28.80	13.89	10.00	2.50		
Boehringer (10)	04/86	1.00	1.20	22.00	35.00	60.00	32.00	69.00	5.07	10.00	2.86		
Boots (10)	12/86	4.05	8.98	32.17	122.50	155.00	91.25	76.30	16.06	32.00	2.61	84	3 : 5
Burroughs (10)	08/86	3.00	11.33	47.77	67.50	103.75	50.00	55.00	12.27	25.00	3.70	842 : 1	
E. Merck (10)	12/86	4.40	2.89	16.57	52.50	57.50	15.94	37.95	13.83	15.00	2.86	86	3 : 5
Eskayef (10)	11/86	5.00	12.22	34.44	200.00	247.50	163.75	102.40	19.53	25.00	1.25		
German Rem (10)	12/85	3.26	3.36	20.31	39.00	63.00	32.00	18.40	21.19	14.00	3.59	82	3 : 5
Glaxo (10)	06/86	20.00	26.48	23.24	64.50	82.00	49.00	14.75	43.73	18.00	2.79	80	1 : 3
Hind Ciba (100)	12/86	17.71	28.53	261.10	420.00	490.00	355.00	29.59	14.20	18.00	4.29	80	1 : 2
Hoechst (100)	12/86	9.58	24.99	360.86	570.00	940.00	440.00	27.14	21.00	20.00	3.51	82	1 : 2
Jayant Vit (10)	06/85	1.35	2.68	29.85	69.00	87.00	60.00	201.48	3.42	15.00	2.17		
Max India (10)	09/86	2.00	0.28	11.40	33.25	49.00	27.00	46.00	7.23	15.00	4.51		
May & Baker (10)	12/86	4.50	6.06	23.47	37.00	69.00	27.00	11.56	32.02	5.00	1.35		
Merind (10)	12/85	1.80	1.49	18.28	33.00	42.00	28.50	12.22	27.00	10.00	3.03		
Nicholas Lab (10)	06/86	1.46	1.64	21.23	45.00	53.75	32.50	13.70	32.85	15.00	3.33		
Parke Davis (10)	11/86	3.36	3.79	21.28	45.00	66.00	38.00	37.80	11.91	25.00	5.56		

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*** market capitalisation in Rs crores.**

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 17.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
						High	Low					Yr	Ratio
Pfizer (10)	09/85	11.72	16.50	24.08	50.00	93.00	38.00	18.43	27.13	20.00	4.00	77	4 : 5
Ranbaxy (10)	12/86	3.07	12.49	50.68	88.00	135.00	71.00	83.71	10.51	20.00	2.27	80	1 : 1
Rich Hind (10)	06/86	3.71	4.30	21.59	295.00	326.25	210.00	79.78	36.97	40.00	1.36	85	1 : 2
Sandoz (10)	12/86	4.50	16.40	46.44	75.00	140.00	57.60	55.78	13.45	16.00	2.13	84	2: 7
Searle (10)	12/86	3.48	13.02	47.41	117.50	240.00	92.50	109.20	10.76	20.00	1.70	86	1 : 1
Unichem (100)	09/85	0.90	7.93	981.11	40.00	45.00	40.00	92.22	0.43	20.00	50.00	80	1 : 4
Warner Hind (10)	11/86	2.98	3.41	21.44	55.00	90.00	44.00	63.76	8.63	25.00	4.55		3 : 10
PLASTICS		**18.71**	**33.90**		**118.35***			**57.46**	**137.52**		**14.45**		
Bajaj Plas (10)	12/86	1.50	4.75	41.67	36.00	67.50	31.00	72.00	5.00	20.00	5.56	86	1 : 1
Bake Hylam (10)	06/86	4.50	7.70	27.11	33.00	37.00	24.50	27.33	12.07	18.00	5.45	80	2 : 3
Garwa Plas (10)	06/86	5.81	11.83	30.36	79.00	98.00	69.00	71.77	11.01	20.00	2.53		
Sup Indus (100)	06/86	0.90	4.61	612.22	3300.00	3300.00	1700.00	218.89	15.08	27.00	0.82	86	4 : 5
V.I.P. Ind (10)	07/86	6.00	5.01	18.35	37.50	61.50	26.00	38.33	9.78	20.00	5.33		0 : 0
SHIPPING		**82.48**	**53.08**		**148.11***			**53.37**	**28.35**		**17.53**		
Dempo St (100)	06/85	2.00	9.83	391.50	65.00	65.00	65.00	00.00	0.00	0.00	0.00		
Essar Ship (10)	12/86	24.65	31.83	22.91	21.00	35.50	17.50	30.39	6.91	20.00	9.52		
Great East (10)	06/86	31.94	27.67	18.66	26.75	29.25	16.75	22.17	12.07	12.00	4.49	83	2 : 3
India Steam (10)	03/86	4.95	0.10	10.20	6.00	7.00	5.00	0.00	0.00	0.00	0.00		
Scindia (10)	06/86	18.94	3.31	11.75	3.50	7.75	2.75	155.49	0.23	0.00	0.00	77	2 : 5
SYNTHETIC TEXT		**205.22**	**713.83**		**1399.64***			**53.33**	**174.69**		**8.01**		
Baroda Ray (100)	12/85	12.14	21.96	280.89	215.00	270.00	177.00	39.13	5.49	18.00	8.37	82	1 : 2
Bharat Com (10)	12/85	3.75	4.90	23.07	15.25	17.75	00.00	17.07	8.94	0.00	0.00	82	1 : 2
Cen Enka (100)	12/86	11.86	78.76	764.08	930.00	1160.00	815.00	89.12	10.44	34.00	3.66	85	1 : 2
Garware Nyl (10)	08/86	9.72	16.53	27.01	26.00	36.00	20.50	14.40	18.05	15.00	5.77	82	1 : 2
Grasim (10)	03/86	21.59	97.61	55.21	110.00	111.00	80.00	60.77	18.10	24.00	2.18		
Indian Rayon (10)	06/86	6.87	40.72	69.27	58.00	77.00	50.00	106.55	5.44	28.00	4.83	80	1 : 4
IOC (10)	03/87	12.46	25.56	30.51	45.00	78.00	41.00	43.02	10.46	15.00	3.33	85	1 : 2
J.K. Synth (10)	03/86	25.25	91.83	46.37	46.50	39.50	39.50	162.81	2.86	20.00	4.30	83	1 : 3
Nat Ray (100)	06/86	6.01	5.39	189.68	70.00	100.00	50.00	-121.96	0.00	0.00	0.00	72	1 : 4
Nirlon (10)	09/85	10.46	24.01	32.95	12.00	26.00	11.00	25.81	4.65	22.50	18.75	82	1 : 2
Orkay (10)	03/86	16.15	25.10	25.54	39.50	115.00	29.50	42.97	9.19	25.00	6.33		
Reliance (10)	12/86	51.61	254.12	59.24	124.00	277.00	110.00	27.46	45.16	25.00	2.02	83	3 : 5
S.I. Viscose (100)	03/86	7.35	7.17	197.55	360.00	375.00	245.00	41.22	8.73	18.00	5.00	76	1 : 2
Shriram Fib (10)	09/86	6.10	14.25	33.36	29.00	36.00	20.00	49.34	5.88	18.00	6.21	83	1 : 2
Swad Poly (10)	09/85	3.90	5.92	25.18	43.00	80.00	40.00	67.95	6.33	25.00	5.81		
TEA		**94.15**	**259.35**		**709.61***			**75.57**	**316.92**		**3.47**		
Assam Co (10)	06/85	7.00	10.12	24.46	99.00	130.00	64.50	143.43	6.90	32.50	3.28	85	1 : 1
Assam Front (10)	06/86	3.00	4.93	26.43	80.00	87.00	64.50	50.67	15.79	30.00	3.75		
Bom Burm (100)	09/85	5.52	16.73	403.08	245.00	330.00	225.00	78.08	3.14	25.00	10.20	78	1 : 4
Brooke Bond (10)	06/86	12.86	26.25	30.41	95.00	99.00	76.00	86.24	11.02	0.00	0.00		3 : 5
Dom Dooma (10)	12/86	3.50	9.99	38.54	71.50	83.50	54.50	80.29	8.91	40.00	5.59	84	1 : 1
Dun Agro (100)	12/85	2.03	12.51	716.26	267.00	267.00	153.00	116.26	2.30	30.00	11.24		
George Will (10)	06/86	6.30	17.12	37.17	88.00	107.50	79.00	44.92	19.59	27.50	3.12	85	4 : 5
Goodrickes (10)	06/86	3.60	18.51	61.42	93.00	96.50	37.00	137.50	6.76	65.00	6.99		
Harrison Mal (10)	03/86	6.50	13.08	30.12	51.00	57.00	41.00	49.85	10.23	25.00	4.90	85	1 : 1
Jayashree (10)	03/86	6.15	41.00	76.67	45.50	59.50	34.00	12.20	37.31	13.00	2.86	85	1 : 2
Lipton (10)	06/86	15.75	5.02	13.19	68.50	79.50	57.00	39.56	17.32	15.00	2.19		
McLeod Russ (10)	06/86	3.12	18.03	67.79	92.00	200.00	83.00	194.23	4.74	70.00	7.61	84	1 : 4
Tata Tea (10)	12/86	10.52	44.69	52.48	104.00	116.50	89.00	80.32	12.95	30.00	2.88	79	1 : 3
Tea Estates (10)	06/86	4.40	12.17	37.66	72.50	80.50	50.50	75.00	9.67	35.00	4.83	85	1 : 1
Warren Tea (10)	03/87	3.90	9.20	33.59	57.00	70.00	50.00	82.31	6.93	22.50	3.95	85	1 : 5
TRADING		**17.35**	**39.62**		**131.42***			**73.14**	**152.19**		**12.10**		
Batliboi (10)	09/85	1.56	3.49	32.37	20.00	26.50	17.50	39.10	5.11	8.00	4.00		0 : 0
Blow Plast (10)	07/86	1.00	1.69	26.90	120.00	127.50	92.50	57.00	21.05	25.00	2.08	83	2 : 3
Blue Star (10)	06/86	2.22	6.53	39.41	57.50	102.50	47.50	100.00	5.75	22.00	3.83	83	3 : 5
Grea Cott (100)	06/86	6.57	14.11	314.76	242.50	265.00	230.00	71.84	3.38	18.00	7.42	77	1 : 2
Shaw Wal (10)	06/85	6.00	13.80	33.00	146.00	170.00	104.00	76.17	19.17	30.00	2.05	81	1 : 2
TYRES & TUBES		**71.50**	**145.98**		**407.80***			**72.32**	**226.40**		**1.79**		
Apollo Tyres (10)	10/86	7.75	0.65	10.84	25.75	29.50	12.00	120.13	2.14	0.00	0.00		
Ceat (100)	06/86	9.31	59.40	73.80	62.00	70.00	45.00	73.15	8.48	21.00	3.39	86	1 : 2
Dunlop (10)	12/85	18.98	29.76	25.68	77.00	77.00	70.00	46.58	16.53	11.50	1.49		
Goodyear (10)	12/86	7.46	11.56	25.50	80.00	85.00	67.00	149.06	5.37	25.00	3.12	77	2 : 5
J.K. Ind (10)	06/86	13.76	2.20	11.60	34.00	36.00	28.00	73.04	4.66	10.00	2.94		
Modi Rubber (10)	04/86	10.38	27.66	36.65	44.00	45.00	33.00	26.30	16.73	20.00	4.55	86	2 : 5
MRF (10)	09/86	3.86	14.75	48.21	82.50	90.00	63.00	73.83	11.17	25.00	3.03	75	1 : 2
MISCELLANEOUS		**92.10**	**194.85**		**507.37***			**47.34**	**102.79**		**13.63**		
Bata (10)	12/86	5.25	13.20	35.14	150.00	157.00	112.00	43.05	34.85	20.00	1.33	84	2 : 5
Bharat Forge (10)	09/86	4.96	19.15	48.61	88.00	88.00	63.00	97.78	9.00	25.00	2.84	81	1 : 1
Consol Cof (10)	06/86	5.01	8.00	25.97	50.75	67.50	43.00	48.90	10.38	22.00	4.33	82	1 : 2
E.I. Hotels (10)	03/86	17.34	52.97	40.55	52.00	58.00	41.00	56.92	9.14	20.00	3.85	84	2 : 5
F.G.P. (10)	03/86	3.26	4.00	22.27	71.25	80.00	51.00	41.10	17.33	20.00	2.81	79	1 : 2
Hawk Cook (10)	09/86	1.84	1.86	20.11	17.00	37.00	16.00	36.96	4.60	20.00	11.76	81	3 : 5
Indag Rub (10)	06/85	2.72	0.15	10.55	11.00	11.00	11.50	7.00	0.00	0.00	0.00		
Ind Foils (10)	06/86	2.62	5.59	31.34	85.00	150.00	58.00	69.08	12.30	21.30	2.51	82	1 : 4
Ind Cards (10)	03/86	3.25	2.42	17.45	25.00	29.00	18.50	35.38	7.07	20.00	8.00	81	1 : 2
Ind Hotels (10)	03/87	7.85	34.72	54.23	105.00	125.00	62.50	81.27	12.92	30.00	2.86	82	2 : 5
Ind Photo (10)	12/86	1.00	1.98	29.80	82.50	130.00	37.50	37.00	22.30	20.00	2.42	83	1 : 1
Light Met Ind (10)	00/00	6.14	0.00	10.00	18.62	25.63	14.00	0.00	00.00	0.00	0.00		
Tata Press (10)	03/86	1.25	3.74	39.92	80.00	92.00	72.50	77.60	10.31	25.00	3.12		
Tinplate (10)	03/86	10.14	3.29	13.24	22.50	34.00	20.75	25.05	8.98	10.00	4.44		
Tube Inv (10)	12/86	5.73	18.88	42.95	27.00	34.00	24.00	38.57	7.00	16.00	5.93	85	1 : 3
United Diam (10)	06/85	1.63	1.80	21.04	11.00	18.00	8.00	45.40	2.42	25.00	22.73		
Widia (100)	12/86	3.66	8.64	336.07	750.00	825.00	600.00	59.56	12.56	15.00	2.00	85	1 : 1
Wimco (10)	12/86	8.45	14.46	27.11	34.50	57.00	30.00	48.99	7.25	18.00	5.07	70	1 : 5
Market total/average		**2730.00**	**6184.44**		**15,368.44**			**51.18**	**196.10**		**6.61**		

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*** market capitalisation in Rs crores.**

DATA COMPILED AND UPDATED WITH THE HELP OF OM PRAKASH SEHGAL

Debentures

Amount out-standing (Rs lacs)	Issue Price Rs	Description (% Name of company)		Last Business done		Yield %	Interest Due Date	Redemption date
				Rate	Date			
1.	2.	3.		4.	5.	6.	7.	8.
140	100	13.5	Asea Ltd.,	92.00	22.6.87	14.6	—	1990/91
522	64	13.5	Ashok Leyland	57.50	8.7.87	15.1	31.3, 30.9	1992/96
668	64	13.5	Ashok Leyland Con III B	60.00	16.7.87	14.4	31.3, 30.9	1996
1000	100	15.0	Ashok Leyland	92.50	12.6.87	16.2	31.3, 30.9	1996
10.40	160	13.5	Andhra Cement	130.00	14.7.87	16.6	31.3, 30.9	—
409	100	13.5	Batliboi & Co	91.00	22.5.87	14.8	30.4, 31.10	1993/95
1000	200	13.5	Birla Jute	185.00	17.7.87	14.6	31.3, 30.9	1992/96
400	120	13.5	Bombay Dyeing	107.50	5.6.87	15.1	31.3, 30.9	1990
400	100	15.0	Blue Blend	95.00	17.7.87	15.8	31.3, 30.9	1992/95
200	150	13.5	Dunlop	135.00	15.7.87	15.0	15.1, 15.7	1990/97
600	80	13.5	El Hotels Con.	160.00	9.7.87	6.8	—	1989/92
248	45	13.5	Elecon Engg	41.00	2.7.87	14.8	30.6, 31.12	1991/93
300	100	13.5	Essar Shipping	80.00	17.7.87	16.9	—	—
268	250	13.5	Ferro Alloys	210.00	26.6.87	16.1	30.6, 31.12	1988/91
559	110	13.5	Ferro Alloys	97.50	7.7.87	15.2	30.6, 31,12	1988/91
168	100	13.5	FGP	90.00	13.6.87	15.0	31.3, 30.9	1990/92
600	100	13.5	Forbes Forbes	93.00	17.7.87	15.0	1.4, 1.10	1994
1114	150	13.5	GKW	130.00	15.7.87	15.6	1.4, 1.10	1990/94
2250	120	13.5	Grasim Ind	114.00	17.7.87	14.2	31.3	1990/94
350	350	13.5	Gujarat Steel	275.00	16.7.87	17.2	30.6, 31.12	1990/92
700	140	13.5	Gujarat Alkali	132.50	17.7.87	14.3	27.2, 31.8	1990/93
1277	100	13.5	Great Eastern	145.00	6.2.86	9.3	1.3, 1.9	1991
383	100	15.0	Hoechst India	105.00	1.7.87	14.3	1.5, 1.11	1991
1125	75	13.5	Indian Hotels	72.50	17.7.87	14.0	1.4, 1.10	1991
298	80	13.5	Indian Organic	70.00	4.6.87	15.4	31.3, 30.9	1990/94
800	80	12.0	Indian Rayon	71.00	16.7.87	13.5	30.6, 31.12	1989/93
1600	112	13.5	Indian Rayon	107.50	17.7.87	14.1	30.6	1991/95
1875	120	13.5	J K Synthetic	110.00	17.7.87	14.7	31.3, 30.9	1989/92
150	75	13.5	Jyoti	60.00	28.5.87	16.8	31.3, 30.9	1989/91
300	100	15.0	Kalyani Steel	90.00	8.4.87	16.6	1.4, 1.10	1991
640	64	13.5	Kothari Ind	47.50	12.6.87	18.1	1.4, 1.10	1989/92
360	60	13.5	Larsen & Toubro	57.00	16.7.87	14.2	30.4	1990/94
828	115	13.5	Lohia Machines	90.00	22.5.87	17.2	30.4	1992/94
300	100	15.0	May & Baker	97.50	9.7.87	15.3	10.6, 31.12	1990
438	125	13.5	Mukand Iron	120.00	8.7.87	14.0	1.1, 1.7	1992
480	400	12.0	Raymond Woollen	387.50	16.7.87	12.3	1.4, 1.10	1989/93
5333	100	13.5	Reliance E Series	89.00	17.7.87	15.1	—	1994/96
2700	100	15.0	Reliance F Series	99.50	17.7.87	15.0	—	1992
250	70	13.5	Ross Murarka	50.00	17.7.87	18.9	30.6, 31.12	1992
2768	289.30	11.0	Tata Engg B Series	500.00	17.7.87	6.3	1.4, 1.10	1987
2000	200	13.5	Tata Steel	207.50	17.7.87	13.0	1.4, 1.10	1992
200	150	13.5	Voltas	138.50	16.7.87	14.6	30.6, 31.12	1991
900	300	15.0	Voltas	305.00	16.7.87	14.7	28.2, 31.8	1991

Note: * Debentures yet to be converted into shares

Exchange

Foreign exchange

Country	Value of	Rupees*
Australia	1 dollar	9.28
France	1 franc	2.10
West Germany	1 mark	7.01
Hong Kong	1 dollar	1.66
Italy	1,000 lira	9.66
Japan	100 yen	8.55
Kenya	1 shilling	0.50
Kuwait	1 dinar	46.29
Malaysia	1 ringgit	5.10
Mexico	100 pesos	0.94
Netherlands	1 guilder	6.20
Nigeria	1 naira	3.74
Saudi Arabia	1 rial	3.50
Singapore	1 dollar	6.12
Switzerland	1 franc	8.41
UAE	1 dirham	3.58
UK	1 pound	20.89
USA	1 dollar	13.05

* Indicative interbank middle rates as on 21 July 1987

Courtesy: Hongkong Bank

The flow of Japanese investors' funds into the US seems to have resumed again as reflected in the gains on the securities and a consequent reduction in interest rates. This has greatly boosted market view of the dollar; there is a feeling that the dollar has bottomed out, at least temporarily. Corporates also appear to be buying dollars. All this has helped the dollar rise, especially against the yen. Its rise against the contis has been muted so far for fear of central banks' intervention.

However, if the yen continues to weaken it will only be a matter of time before this dollar bullishness spills over into the conti currencies. This is because the European central banks, eg the Bundesbank, would hardly be happy to see the yen continue to depreciate against say the deutsche mark and thereby increasing the competitiveness of the Japanese exporters in European markets.

US May trade data, out in mid July, would serve to provide relatively more conclusive evidence on whether the dollar has bottomed out. Although estimates range between $11 billion and 14 billion, a deficit lower than the previous month's $13.3 billion would further reinforce bullish sentiment for the dollar.

We see the rupee drifting lower to around the mid 7.60s over the next fortnight. The low premiums continue to reflect the absence of importers from the market and this can be expected to continue. Importers with far forward payables should look for any dollar dip to take advantage of the low premiums and cover a part of their liability.

CORPORATE IMAGE BUILDERS FROM SUPER BOOK HOUSE

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INDIAN INSTITUTE OF MANAGEMENT BANGALORE

Indian Institute of Management, Bangalore, offers the following Management Development Programmes during the month of SEPTEMBER, 1987

BUDGET PLANNING AND CONTROL
September 2-5, 1987 : Hotel Ashok, Bangalore
Faculty Leader : Prof. RP Iyer

HIGHLIGHTS: Corporate Planning Concepts * Exchange Views on Converting the Plans into Specific Budgets * Problems in the Current Budgeting Process * Methodology of Creating the Data Base to Improve the Budgeting System * Form and Content of Presenting Information at Various Levels.

PARTICIPATION: Top and Senior Personnel from various functional areas of Management drawn from both Public and Private Sectors.

Fee: Residential: Rs. 4,000/-
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MANAGING THE SALES FORCE (CONSUMER PRODUCTS)
September 7-11, 1987 : Majorda Beach Resort, Goa
Faculty Leader : Prof. RK Vijayasarathy

HIGHLIGHTS: Indian Consumer Goods Marketing Environment * Managing the Sales Force — Personal Selling Productivity * Region Office Management * Behaviour Science Component * Input to Marketing Decisions.

PARTICIPATION: Branch/Division/Zonal/Area/Region/ District/Field Sales Managers, representing the Public and Private Sector or Consumer Goods Companies.

Fee: Residential: Rs. 4,300/-
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EFFECTIVE MANAGEMENT — A PROGRAMME FOR SENIOR MANAGERS
September 10-15, 1987 : Majorda Beach Resort, Goa
Faculty Leader : Prof. SG Lele
Prof. RP Iyer

HIGHLIGHTS: A Sound Understanding of the Managerial Role and its Context * Complexities and Interdependencies within the Organisation * An Awareness of the Importance of Personal Effectiveness * A Conscious Approach to the Improvement of Organisational Effectiveness.

PARTICIPATION: Senior Managers with 8 to 15 years' experience in any functional area of Management.

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PURCHASING & MATERIALS MANAGEMENT
September 21-24, 1987 : Harsha Hotel, Bangalore
Faculty Leader : Prof. S. Ramaswamy

HIGHLIGHTS: The Identity of the Purchasing Function* Industrial Purchasing Behaviour in India * Procedures, Forms and Records for Purchasing Vendor Rating * Make or Buy Decisions * The Art of Negotiation * Value Analysis and Standardisation * Purchase of Capital Equipment * Inventory and Materials Management * Computers and Purchasing Management * Legal Aspects of Purchasing * Import Policy.

PARTICIPATION: Purchase Managers, Controllers of Stores and Purchase Management Personnel.

Fee: Residential: Rs. 3,500/-
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ADVERTISING MANAGEMENT FOR MARKETING PROFESSIONALS
September 21-24, 1987 : Windsor Manor, Bangalore
Faculty Leader : Prof. P. Bhaskaran

HIGHLIGHTS: Advertising Management — State-of-the-Art Assessing of Advertising Opportunity * Campaign Planning and Management * Budgeting and Cost Control * Media Planning and Scheduling * Competitive Advertising — Do's and Dont's * Advertising Research.

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Investor Contest

Issue No 245

Getting close

Contestants came very close to successfully predicting the prices of scrips. But we have no winners for Investor Contest 242.

Though the political scenario continues to remain uncertain the stockmarkets are definitely showing signs of revival. After a prolonged slump, there was hectic activity in major scrips on Dalal Street. Perhaps this will provide contestants with the necessary inspiration.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 21 August 1987, and send in your entry by 11 August 1987. The winner in accordance with the rules printed below, will get a prize of Rs 5,000. In the event there is no winner, the prize will *not* be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs 5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will *not* be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 21 August 1987, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 21 August 1987, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 11 August, 1987.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 17 July, 1987 (Rs)	Variations permitted from correct price upto (Rs)	Prices as on Friday, 21 August 1987 (please fill) (Rs)
Bajaj Auto	Bombay	4,625.00	8.00	________
Bombay Dyeing	Bombay	89.00	3.00	________
Great Eastern Shipping	Bombay	26.75	2.00	________
ITC	Bombay	56.00	2.00	
Mahindra & Mahindra	Bombay	51.00	2.00	________
Pfizer	Bombay	50.00	2.00	________

NAME: ________________

ADDRESS: ________________

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AGE: ________________

PROFESSION: ________________

DATE: ________________

IC 245

Role of foreign trade

World Development Report 1987

VORLD DEVELOPMENT REPORT 1987

ublished for the World Bank
y *the Oxford University Press,* pp 285

he World Bank's *World Development Report 987* released on 1 July and tenth in the series, ıake two important points.

First, it underscores the dangers surround- ıg the global economy against the backdrop f its performance during 1986 and the first alf of 1987. In this, it highlights the slow rowth in the economic performance of major ıdustrial countries; their imbalanced external ositions resulting in a large increase in bar- ers to imports into these countries, especially ı the US, bringing back the fears of world ride protectionism; misaligned exchange ıtes; high unemployment; and a general at- tude of confrontation between these nations.

The impact of these gloomy features of the ıdustrial countries' performance on the pace f economic activity in developing countries as been extremely negative. The report nderlines that the real output growth in the eveloping countries fell to 4.2 per cent in 986, compared with 4.8 per cent in 1985 nd an average of 6 per cent a year in the two ecades prior to 1980. Given the relatively igh increase in population growth rates in eveloping countries, the per capita income ıcrease in 1986 was only 2.2 per cent. This st was largely due to the decline of 1.1 per ent in the output of the oil exporting group.

The scaled-down performance of develop- g countries followed contraction in the real utput growth of industrial countries which eaked in 1984 at 4.6 per cent, then slowed to 8 per cent in 1985 and further to an esti- ated 2.5 per cent in 1986.

The report emphasises that the average erformance of developing countries, inade- uate as it is, hides the extremely lopsided position of several Middle East and sub-Saharan African countries. In these, the net increases in growth rates have been quite negative. In sharp contrast, countries whose exports are dominated by manufactures, such as South Korea and Taiwan, registered very high growth rates. The report also mentions that China and India also achieved strong growth and raised the average rate for the low income countries. On the other hand, growth rates in African countries were extremely low and well below the average rates.

Apart from the direct impact of lower growth in the industrial countries, the report states that the decline in the commodity prices of export produce, coupled with increased calls for protection, have also adversely affected the developing countries' performance. According to the report, commodity prices fell to record low levels during the period 1984 to 1986. In 1985, the World Bank index of 33 non-fuel primary commodity prices, in dollar terms, fell to its lowest level in nine years: a 4.8 per cent decline from the recession low of 1982 and a 11.1 per cent fall from the post-recession high reached in the first half of 1984. It highlights that, perhaps for the first time, practically all commodity groups registered a decline in 1984-1986. Between the fourth quarter of 1983 and the second quarter of 1986, the index for agricultural commodities declined by 13 per cent.

The World Bank report asks for important policy changes and shifts in emphasis to correct the imbalanced economic position in the industrialised world. It holds that appropriate policies, abolition of barriers against imports from the developing countries, increased credit availability for debtor countries, and larger roles for official and multilateral donors, backed by proper economic adjustment programmes in the developing countries, is bound to result in a higher level of economic activity all round

The reasons for the decline were:
- lower demand for commodities in industrial countries;
- over-expansion of supply in several important raw materials, specially oil and metals; and,
- disruption of markets, specially for agricultural commodities in those countries.

The impact of protectionism has been equally severe. Almost 17 per cent of imports into the US are presently affected by direct or indirect import restraint measures. The more disturbing element is that these restraints are all non-tariff in nature.

Pointing out the decline in the total current account deficit of developing countries, from $37.4 billion in 1985 to $35.5 billion in 1986, the report says that it is only due to lower economic activity and lower domestic consumption and investment that the lesser figure has been achieved. However, if considered in absolute terms, even this small positive development has been diluted considerably by the decline in net lendings to developing countries. During 1985-1986 these remained at about one third the level of 1981. This caused the highly indebted countries further worries, and forced them to approach the lending community frequently for restructuring their external debts. The position of major debtors, and those from sub-Saharan Africa, also suffered setbacks due to the increase in real interest rates, despite the fact that the nominal interest rates continued to decline.

The report highlights the "overhang" of debts on the economies of developing countries. It says that total debt restructuring during 1986 aggregated $71.1 billion, as against $29.4 billion in 1985. Again, of the total restructured debt, as much as $57.4 billion was owed to the commercial banks in 1986 compared to $13.1 billion in 1985. While there is no doubt that the huge restructuring will help the developing countries in the near future, it also means that future generations in these countries will have to make greater sacrifices to finance higher amounts of external debt.

The statistical projections made by the World Bank indicate that the total outstanding and the disbursed debt, which at end 1986 aggregated $753 billion, will range between $958 billion and $997 billion by end 1995. One positive feature of the report is that debt servicing, as a percentage of exports, will decline from 22.3 per cent in 1986 to 18 per cent in 1987. However, the benefit of this will go to the middle income countries whereas the ratio is likely to deteriorate in the case of low income countries.

The report imposes great responsibilities on industrialised nations to help developing countries by improving their own economic performance through appropriate policies in the different fields. The report mentions that the type of imbalances, which have collectively characterised their external position in recent years, cannot be sustained without seriously impairing growth stimuli and financial stability in the world. The report says that the 1986 US current account deficit of $140 billion, against the current account surpluses of $87.5 billion for Japan and $44.3 billion for West Germany, will require drastic corrective measures. For this, the report calls for significant adjustments in macroeconomic policies, both monetary and fiscal. Generally, adjustments will be needed in the interest rate policies, tax reforms and reduction in fiscal deficits. The last one will apply specially to the US.

The overall decline in budget deficits of the industrial countries, from 5.4 per cent of GNP to 4.6 per cent in 1986, has been welcomed in the report. However, the World Bank points out that the deficit of $221 billion or 5.0 per cent of GNP for the US is far too high. Unless adequate steps are taken to reddress this deficit, there can be no viable hope of bringing about convergence in the monetary and fiscal policies of the major industrial countries.

Therefore, in a clear message to the industrial countries, the report asks for important policy changes and shifts in emphasis to correct the imbalanced economic position in the industrialised world. It holds that appropriate policies, abolition of barriers against imports from the developing countries, increased credit availability for debtor countries, and larger roles for official and multilateral donors, backed by proper economic adjustment programmes in the developing countries, is bound to result in a higher level of economic activity all round, tension-free world trade and a lighter burden for debtor countries.

If such policies are adopted, says the report, the real gross domestic product (GDP) will average an increase of 4.3 per cent a year in the industrial countries during the decade 1986-1995, with inflation rates averaging just about 2.7 per cent. Following this, the real GDP product in the developing countries will average 5.9 per cent during the same decade with a break up of 6.7 per cent in the low income countries and 5.4 per cent in the middle income countries.

However, if the necessary policies are not adopted by both industrial and developing countries, warns the report, the real GDP in the industrial countries will fall to an average of 2.5 per cent a year and 3.9 per cent in the developing countries during 1986-95. The lower increase in GDP will be accompanied by higher rates of inflation in industrial countries. This will, in turn, increase interest rates and make the debt servicing position of debtor countries even more difficult.

The second message is aimed entirely at developing countries. According to the report, developing countries wishing to progress at a higher rate should make their economies more foreign trade oriented and focus less on domestic markets. Basing its study on the performance of 41 developing countries, the report concludes that if Third World countries wish to maximise their rate of development, they should adopt "outwardly oriented" trade policies. By outward oriented policies, the report implies that policies pursued by the authorities should remain neutral between production for export and domestic consumption.

The report categorises the 41 countries into four groups — strongly outward oriented, moderately outward, moderately inward, strongly inward. Only three countries are included in the first group — South Korea, Singapore and Hong Kong. Most of the developing countries from Africa are included in the last category, whereas countries from Latin America and Asia (excluding those mentioned in the first category) form part of the other two groups. The conclusion that strongly outward oriented economies will perform better than the others is based on the performance of the individual economies during 1973-85.

The per capita GNP during the period 1973-85 averaged 5.9 per cent a year in the strongly outward oriented economies compared with minus 0.1 per cent in the strongly inward oriented economies. The moderately outward oriented and inward oriented economies experienced growth rates of 1.6 per cent and 1.75 per cent, respectively, during the same period. In gross domestic savings, the strongly outward oriented economies' performance was more than 30 per cent of the GDP in 1985 as against 17.5 per cent in the strongly inward oriented. Growth in manufactured exports from strongly outward economies registered an annual increase of slightly less than 14 pe cent during 1973-85 as against just 3 per cen in the case of strongly inward oriented economies. The rate of inflation was less than 10 per cent in the former as against 18 pe cent in the latter and about 48 per cent in the moderately outward economies. The high rate of inflation in the last group was largely or account of hyper-inflation in most of the Latin American countries.

The World Bank's report is indeed right in highlighting the relationship between exports and overall growth in a country's economy. However, an exception that can be taken to this generalisation is the extremely small size of the sample in the category of strongly outward oriented economies. There are only three countries and two of these, viz, Hong Kong and Singapore, have very small populations and hence small domestic economies. Therefore, for their growth, the external sector has to be the most important

The report further supports its conclusion with the help of various other indicators such as annual average growth of real manufacturing, average share of manufacturing in the GDP, average share of the labour force in industry and average annual growth of employment in manufacturing. In all these areas, the performance of strongly outward oriented economies was better than that of the inward oriented economies.

The World Bank's report is indeed right i highlighting the relationship between export and overall growth in a country's economy However, an exception that can be taken t this generalisation is the extremely small siz of the sample in the category of strongly outward oriented economies. There are onl three countries and two of these, viz, Hon Kong and Singapore, have very small populations and hence small domestic economie Therefore, for their growth, the external secto has to be the most important. Even the Sout Korean economy is small compared with th economies of a large number of developin countries which have been included in the tw moderate categories. Besides this point, th external sector of a large number of countrie in Africa, the Middle East and elsewhere dependent upon primary commodities — agricultural and mineral — whose demar fluctuates quite a bit from one level economic activity to another in industri countries. Also, exports from developin countries encounter protectionist barriers ar hence it is not easy to change over from i ward oriented to outward oriented policies.

Having said this, the basic logic behind th report's assessment is irrefutable. High growth on the basis of manufactured product and competing in the international markets c the basis of quality and price, presuppos higher participation in world trade.

K.G.M.

In every Appointments Page over 25% of the advertisements call for marketing professionals.

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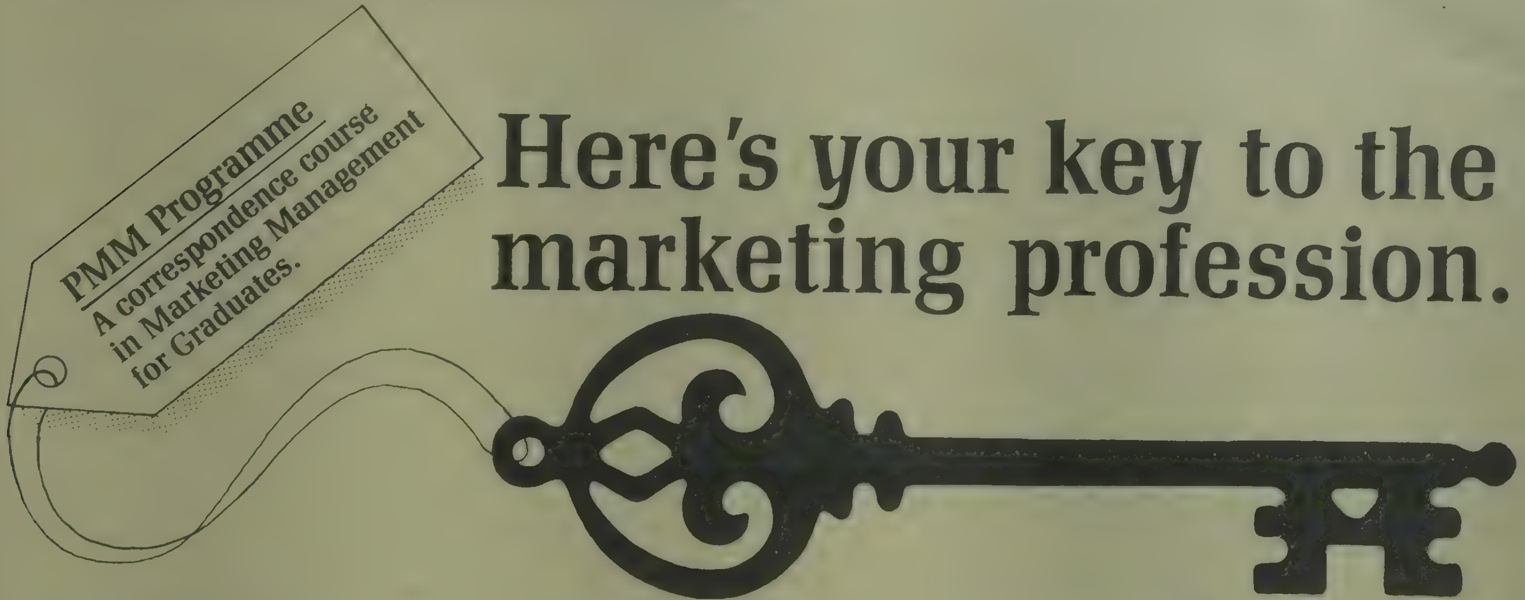
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In view of the new marketing challenges, the Indian Marketing Academy (IMA) has been set up in 1986, to offer a rigorous training programme through **correspondence study** and examinations for select students and executives with aptitude and experience for marketing. The IMA, a non-profit organisation, is committed to excellence in marketing.

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IMA **Excellence in Marketing**

Imageads/87

Executive Ladder

THOMAS K. JOSEPH has joined International Computers Indian Manufacture Ltd as vice-president, finance.

G. A. SHENAI has taken over as managing director of Canbank Financial Services Ltd.

S. R. SENGUPTA has been appointed vice-president, finance, of Burroughs Wellcome (India) Ltd.

S. S. BISHNOI has taken over as director, technical/projects, at Northern Coalfields Ltd.

C. Y. PAL has taken over as chairman-cum-managing director of Hindustan Cocoa Products Ltd.

R. C. SHARMA has been appointed managing director of Central Pulp Mills Ltd.

HARISH LALL has been elected regional chairman, northern region, of the Engineering Export Promotion Council.

M. V. KULKARNI has joined Bank of Oman Ltd as additional chief manager of its Bombay Branch.

N. GOPALSWAMI has taken over as managing director of Gujarat Communications and Electronics Ltd.

HEMANT KUMAR has been promoted to chief personnel manager at Usha Martin Industries Ltd.

PERCY F. BHARUCHA has been appointed assistant general manager, services, of the Bank of Baroda.

ASSOCIATIONS

ALFREDO BORGES has been admitted as a member of the Incorporated Advertising Management Association, UK.

P. D. GULSYAN has been elected president of the Merchants' Chamber of Commerce.

PRAKASHCHAND CHORDIA has been elected chairman of the South India Hire Purchase Association.

D. V. MANOHAR has been re-elected president of the All India LPG Cylinder Manufacturers' Association.

R. SRINIVASAN has been elected president of the Greater Mysore Chamber of Industry.

BALBIR RAJ SONDHI has been elected president of the Punjab and Haryana Finance Companies Association.

P. J. OVID has been elected president of the Bombay Productivity Council.

B. S. JAIRETH has been elected president of the Calcutta Motor Dealers Associaton.

S. GOPU has been elected presidnet of the Federation of Automobile Dealers Association.

KAMAL G. TOOLSIDASS has been re-elected president of the East India Jute and Hessian Exchange Ltd.

PRADIP DAVE has been elected president of the Pesticides Formulators Association of India.

DEEPAK AGARWAL has been elected vice-president, west, of the All India Federation of Master Printers.

J. J. VORSANGER has taken over as managing director of Roche Products Ltd.

V. R. AGNIHOTRI has been appointed vice-president and company secretary of the Indian Hotels Co Ltd.

M. F. PANCHA has become vice-president, finance, at Indian Hotels Co Ltd.

V. S. MAHESH has been appointed vice-president, human resources, of the Indian Hotels Co Ltd.

BusinessIndia

National Executive Appointments

Reader Service

Senior executive positions

A compilaton of executive positions advertised in Business India and other major publications from all India between 6 and 19 July 1987.

West

DIR (Nrsng) • Bombay • *Sal* Attr + hsg + prks • *Age* 40 yrs • *Qlfn* BSc (nrsng) • *Reqd* 15 yrs in nrsng, mn 5 in top admn lvls • *Resp* Ovrll chrge of all nrsng actvts, rcrtng, trnng, prpr dplymnt, admn, etc • *Cont* ABC Consultants Pvt ltd, 302, Embassy Centre Nariman Point, Bombay 21 (TOI—6.7)

FIN CNTRLLR • Bombay • *Sal* Rs 1,20,000 + car • *Age* NS • *Qlfn* CA • *Reqd* 10 yrs in indus, pref wth xpsre to srce indus • *Resp* Ttl chrge of fin dept, prvde prfssnl ldrshp fr csh mngmnt, cmmrcl dscplne, tx plnng, on-line cmptng, co secyshp • *Cont* A.F. Ferguson Associates, PO Box: 1786, Bombay 1 (TOI—6.7)

GEN MNGR (MIS) • Bombay • *Sal* Attr • *Age* 40-45 yrs • *Qlfn* BE wth PG deg in biz mngmnt/indus engg/CA/ICWA • *Reqd* 15-17 yrs rltd xprnce in sys/EDP/O&M wth min 5-7 yrs in snr pos in lrge org, pref ICIM sys, xprnce of admn of cmptr/O&M rltd actvts • *Resp* Inttng & acmplshng MIS/O&M/EDP actvts & issues • *Cont* Box: AA/244/LP/3, Business India, Wadia Building, 17/19 Dalal Street, Bombay 1 (BI—13.7)

GEN MNGR • Nr cty • *Sal* Xellnt • *Age* NS • *Qlfn* BE (mech/chem/elec), pref wth MBAs • *Reqd* 15 yrs in indus, min 5 at snr lvl • *Resp* Ovrll mngmnt of bttlng plnt, prodn, sls and admn for Double Cola plnt • *Cont* Double Cola Mfg Co (India) Pvt Ltd, Mittal Tower, 'A' wing, 14th Floor, Nariman Point Bombay 21 (TOI—18.7)

GEN MNGR (Wrks) • Gujarat • *Sal* Attr • *Age* Min 40 yrs • *Qlfn* BE/food tech • *Reqd* 7-10 yrs at snr lvl in food prssng/dairy indus • *Resp* Prdn fncn, incl prcssng, maint, qlty cntrl, utilities, mtrls, prsnnl mngmnt, IR, gen admn, lsn, etc • *Cont* A.F. Ferguson Associates, PO Box: 1786, Bombay 1 (BI—13.7)

VICE-PRES (Fin) • Bombay • *Sal* Xcllnt + hsg + car • *Age* 40-50 yrs • *Qlfn* Ca, pref wth MBA • *Reqd* Xpsre to cmptrstn, prvn trck rec in sccssfl co's • *Resp* All aspcts of fin mngmnt, incl accts, bdgtry/cst cntrl, trsry, info sys, insttnl lsn, fin plng, etc • *Cont* A.K. Bahl, Price Waterhouse, PO Box 462, Bombay 1 (BI—13.7)

VICE-PRES (Mngmnt Srvcs) • *Bombay* • *Sal* Xcllnt + hsg + car • *Qlfn* BE or CA with PG qlfn in mngmnt/indus engg • *Reqd* 10 yrs rlvnt xprncein rptd co/grp + xcllnt gen mngmnt & IR sklls, reqd • *Resp* Instte adqte oprtnl/fin cntrls, cst rdctn, wrk smplfctn msres, prdctvty adt, rvw plcy frmltn, plng, coord mectinsms, etc • *Cont* A.K. Bahl, Price Waterhouse, PO Box 462, Bombay 1 (BI—13.7)

North

VICE-PRES • New Delhi • *Sal* Attr • *Age* NS • *Qlfn* BE (chem) or rbbr tech wth PG deg/dipl in mktng mngmnt • *Reqd* 20 yrs in tech mktng of chem/intrmdts + indpth knwlj of rbbr indus • *Resp* Ovrsee mktng oprtns of unt mfg/mktng rbbr prods • *Cont* Senior Vice-President, Hi-Tech Carbon, 808 Dalamal House, 206 Nariman Point, Bombay 21 (HT—8.7)

EXEC DIR • New Delhi • *Sal* Attr + hsg + prks • *Age* NS • *Qlfn* NS • *Reqd* Strng tech orntn • *Resp* Hd sectrt of org + coord wth govt agncs in prvdng info & frmltng plcs fr mini-stl indus • *Cont* A.F. Ferguson Associates, 45 Dickenson Road, Bangalore 42 (S—10.7)

GEN MNGR • Bhiwadi (nr Delhi) • *Sal* Neg + prks • *Age* 45 yrs • *Qlfn* BE • *Reqd* 15-20 yrs in mngng mfg oprtns, pref in prcss indus • *Resp* Hd B&W pix tbe plnt & accnt fr its prftblty & grwth • *Cont* Samtel (India) Ltd, 50-51 Community Centre, New Friends Colony, New Delhi 65 (BI—13.7)

CHF EXEC (Mktng) • New Delhi • *Sal* Xcllnt • *Qlfn* Gd acad bckgrnd, pref wth PG deg/dipl in mktng mngmnt • *Reqd* 15 yrs rltd xprnce, 5 as hd of mktng org of rpte • *Resp* NS • *Cont* Onam Consultants Pvt Ltd, 14-D Basant Lok, Vasant Vihar, New Delhi 57 (BI—13.7)

GEN MNGR (Oprtns) • Srinagar • *Sal* 1,00,000 pa • *Age* 35-45 yrs • *Qlfn* PG, pref wth MBA • *Reqd* 5-8 yrs at snr lvl wth knwlj of xprt/imprt trde, bnkng lsn & fin mngmnt • *Resp* NS • *Cont* Box: AA/244/BM/4, Business India, Wadia Building, 17/19 Dalal Street, Bombay 1 (BI—13.7)

FIN CNTRLLR • New Delhi • *Sal* Rs 1,40,000 + car • *Age* 35-40 yrs • *Qlfn* CA • *Reqd* 10 yrs in snr pos in indus • *Resp* Hd fin dept of a divn, fin acctng, MIS, bdgtry cntrl, wrkng cptl mngmnt, mngmnt acctng, cst cnirl sys, etc • *Cont* Box? AA/244/BT/1, Business India, 59 Regal Building, Connaught Circus, New Delhi 1 (BI—13.7)

East

CHF EXEC (Engg unit) • Indus city • *Sal* Xcllnt • *Age* 40-45 yrs • *Qlfn* NS • *Reqd* Prvn rec of grwth wth hrd-cre mfg xprnce in lt/med engg indus, pref in mss prdn + sn tech-cmmrcl snse & xpsre to all areas of mngmnt • *Resp* Ttl prftblty/grwth of unit emplying 1,000 prsns, IR, oprte undr tght fin cnstrnts • *Cont* ABC Consultants Pvt Ltd, 209 Meghdoot, 94, Nehru Place, New Delhi 19 (TOI—6.7)

PRES • Calcutta • *Sal* Rs 1,20,000 pa + prks • *Age* 40-45 yrs • *Qlfn* NS • *Reqd* Strng fin/lbr mngmnt sklls, xprnce as no 2 in med-szd co of rpte • *Resp* Cmplte biz oprtns of chem-bsd cont prcss indus • *Cont* N.Z. Ahmed, Director, Price Waterhouse, B-3/1 Gillander House, Netaji Subhash Road, Calcutta 1 (S—12.7)

CHF EXEC • Guwahati • *Sal* Rs 60,000 pa + hsg + prks • *Age* 40 yrs • *Qlfn* NS • *Reqd* Strng fin bckgrnd + prvn rec of chrge of mfg unt fr 3 yrs • *Resp* NS • *Cont* Box: AA/244/LR/2, Business India, Wadia Building, 17/19 Dalal Street, Bombay 1 (BI—13.7)

GEN MNGR (Admn) • *Duliajan (Asam)* • *Sal* Rs 3,500-4,000 + hsg + prks • *Age* 5 yrs • *Qlfn* PG in scl sc/prsnnl mngmnt and IR/biz mngmnt • *Reqd* 18 yrs in IR/gen mngmnt wth min 5 in snr pos • *Resp* Admn, IR, PR, cmmntry/scrty/mdcl srvcs • *Cont* Director, Oil India Ltd, 17 Parliament Street, New Delhi 1 (HT—12.7)

South

GEN MNGR (Wrks) • Hyderabad • *Sal* Neg • *Age* NS • *Qlfn* NS • *Reqd* 10 yrs in snr mngmnt wth mlti fncn resp • *Resp* Prft cntre resp fr wrks + sstn hgh prdctvty, updt tech, IR, etc • *Cont* ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place New Delhi 19 (BI—13.7)

VICE-PRES (Fin) • Madras • *Sal* Attr • *Age* 35-40 yrs • *Qlfn* CA/MBA (fin) • *Reqd* Fmlrty wth cmptrs & xprnce of indpndnt chrge of fn/accts fncn of rptd mfg org • *Resp* Fin plng, mblstn of fnds, tx plng, bdgtng, etc • *Cont* President, Southern Asbestos Cement Ltd, Chordia Mansion, 739 Anna Salai, Madras 2 (BI—13.7)

CHF EXEC • Hyderabad • *Sal* Rs 1,50,000-2,00,000 • *Age* NS • *Qlfn* NS • *Reqd* Crrnt placmnt as hd/dy hd of unit in rltd (frrs, non-frrs mtls) indus • *Resp* Mt mkt shre, prftblty trgts + all tech, cmmrcl, admn fncns • *Cont* A.F. Ferguson Associates, Hansalaya, Barakhamba Road, New Delhi 1 (BI—13.7)

BI = Business India, H = Hindu, HT = Hindustan Times, IE = Indian Express, S = Statesman, TOI = Times of India.

Executive positions

West

MNGR (EDP) • Baroda • *Sal* Rs 42,000 + hsg + prks • *Age* 35 yrs • *Qlfn* BE/MBA • *Reqd* 4 to 5 yrs snr lvl EDP xprnce in reptd cos wth xpsre to advncd lvl cmptrs and on line applctns with prvn rec of ernng tngble bnfts for co thrgh cmptr applctns • *Resp* Idntfy areas for devp/upgrdng sftwre, gde devp & implmntn of sphstctd sys in sch areas • *Cont* A.F. Ferguson Associates, 44 Nariman Society, Alkapuri, Baroda 5 (TOI—6.7)

MNGR (O&M) • Bombay • *Sal* NS • *Age* 35-40 yrs • *Qlfn* BE/BSc/BCom + MBA or indus engg • *Reqd* 8-10 yrs in O&M with min 5 yrs in smlr pos • *Resp* Coord with sys/admn dept, est trgts and initiate cmptr/gen prcdres to incrse effncy • *Cont* The General Manager (IR), Premier Automobiles Ltd, LBS Marg, Kurla, Bombay 70 (TOI—7.7)

MNGR (Tank farm) • Patalganga (nr Bombay) • *Sal* NS • *Age* 40-45 yrs • *Qlfn* BSc/BCom • *Reqd* 10 yrs in snr pos of depot mngt of lrg petr oil co with mod instrmtn + layout • *Resp* NS • *Cont* Central Recruitment Cell, Reliance Industries Ltd, 9th floor, Maker Chamber IV, Nariman Point, Bombay 21 (H—14.7)

MNGR (Tool tryout) • Pune • *Sal* NS • *Age* 35-40 yrs • *Qlfn* BE/dil (mech) • *Reqd* 10 yrs exp in mach shp in prodn of auto indus, cnvrsnt with GPM, SPM and CNC mach + eval thru stat cntrl meth knwldge of dsgn of jgr, fxtrs + tls, mfg press tls + presses • *Resp* NS • *Cont* The Senior Manager (Personnel), Bajaj Tempo Ltd, Akurdi, Pune 36 (H—14.7)

North

FCTRY MNGR • Kotdwar (UP) • *Sal* Rs 2,100 (neg) • *Qlfn* BE (mech/indus eng/wd tech, pref wth MBA • *Reqd* 5 yrs in mngrl cdre, pref in plywd mfg co • *Resp* NS • *Cont* Managing Director, Garhwal Mandal Vikas Nigam Ltd, 71/1 Rajpur Rd, Dehradun 1 (HT—7.7.)

MNGR (Chloralkali proj) • New Delhi • *Sal* Attr + prks • *Age* 35-40 yrs • *Qlfn* BE (chem) • *Reqd* Xprnce with cnsltncy/engg co, pref in chloralkali indus • *Resp* Tech assmltn + mrktng of membrane all tech proj + rltd biz • *Cont* Managing Director, Tata Klockner Industrial Plnts Ltd, 14-H Hansalaya Building, 15 Barakhamba Rd, Delhi (BI—13.7)

MNGR (Prdn) • Sonepat (Haryana) • *Sal* Rs 5,000 pm + prks • *Age* 30-40 yrs 0 *Qlfn* BE (mech) • *Reqd* 5 yrs in sr mngrl lvl in lt engg indus enggd in mss prodn • *Resp* Spvsn of all tech actvts, incldng ldng + coord wrkng of tech depts • *Cont* The Factory Manager, Milton Cycle Indus Ltd, Sonepat, Haryana (BI—13.7)

MNGR (New proj) • New Delhi • *Sal* Neg • *Age* NS • *Qlfn* BE (chem/mech), pref wth MBA • *Reqd* 8 yrs xprnce, 4 yrs in proj plng in med/lrg org • *Resp* Aprsng new biz opprtnts, plng + coord for crrnt proj • *Cont* Max India ltd, 72 Nehru Place, New Delhi 19 (HT—14.7)

MNGR (Mktng) • Kashipur (nr Delhi) • *Sal* Neg • *Age* NS • *Qlfn* Grad, pref wth MBA • *Reqd* Xprnce in aud/vid mgntc tps/cassts indus • *Resp* All India sls of vid tp pncks + cssts — sls plnng, stcks, devp sls tm, mrkt devp + prom • *Cont* Managing Director, Parakash Pipes & Industries Ltd, Padma Tower 1, 5 Rajendra Place, Delhi 8 (HT—15.7)

East

MNGR (Fin — electrncs) • Calcutta • *Sal* NS • *Age* NS • *Qlfn* CA • *Reqd* 10-15 yrs rltd xprnce in snr pos, xprnce in neg with bnks dsrd • *Resp* Cntrl of fin func — mngt fnds, dsgn + intltn of EDP bsd cstng sys + MIS, tax plng, bdgtng, etc • *Cont* Decision Sys Consultants (I) Pvt Ltd, 15 Bandel Rd, Calcutta 19 (S—12.7)

MNGR (Aplctn R&D) • Rishra (nr Calcutta) • *Sal* Rs 80,000 pa + hsg + prks • *Age* 35-40 yrs • *Qlfn* PG/PhD in orgnc chem, rubber chem/tech • *Read* 10 yrs exp in R&D in rel area • *Resp* R&D actvts in rbbr chem Idtfy mrktng/nds, devp new prods + prcss • *Cont* Staff Systems & Development Manager, IEL Ltd, ICI House, 34 Chowringhee, Calcutta 71 (HT—12.7)

CHF TECH MNGR (Pharma) • East India • *Sal* Rs 60,000 pa + prks • *Age* 35-40 yrs • *Qlfn* PG in orgnc or pharma chem, spclsng in med prods, PhD + prnc exp in apt inds des • *Reqd* 10 yrs exp in smlr inds or nat lab esntl • *Resp* Ld tm, implmnt proj fr dietary prods + pharma spclts • *Cont* Lovelock & Lewes, Everest, 15th floor, 46/C Chowringhee, Calcutta 71 (BI—13.7)

MNGR (R&D) • Bhubaneshwar • *Sal* Rs 48,000 pa + hsg + prks • *Age* NS • *Qlfn* M/B electrncs • *Reqd* 10 yrs in cmptrs, telecom/indus electrnc + knwhw assimltn + trnsfr, dsgn & devp, engg + prod suprt • *Resp* NS • *Cont* General Manager (Technical), Unitel Communications Ltd, A-163 Sahid Nagar, Bhubaneshwar 7 (BI—13.7)

MNGR (Wrks) • Calcutta • *Sal* Rs 4,390 gross pm • *Age* 45 yrs • *Qlfn* BE (mech) + addtnl qlfn in elec engg pref • *Reqd* 15 yrs exp — 5 yrs as snr exec of med-szd engg indus + shld have dlt with mach + assmbly shp, mtrls mngt, maint, lbr etc. • *Resp* NS • *Cont* Box: 1336, Statesman, Calcutta 1 (S—15.7)

South

MNGR (Sls) • Cochin • *Sal* Attr • *Age* 35 yrs • *Qlfn* PG in buss admn or mrktng pref • *Reqd* 10 yrs exp in mss cnsmr prod cos + shld hav wrkd in diff reg • *Resp* Mrktng + sls of co's publctns outsde Kerala, strat to actvt crcltn trgts + grwth of th publctn, motvte + ld fld sls org • *Cont* Divisional Manager (P&A), Malayala Manorama, PO Box: 26, KK Road, Kottayam 1 (BI—13.7)

MNGR (P&A) • Peenya (Bangalore) • *Sal* Neg • *Age* 35-40 yrs • *Qlfn* PG in prsnnl mngt + IR, pref wth lgl deg/dipl • *Reqd* Hndlng fctry lbr, neg with union, 10 yrs xprncein this cap, knwldg of Kannada pref • *Resp* Mnpwr plng, rectmnt, HRD, gen admn • *Cont* Corporate Manager (Personnel), ASEA Ltd, Sona Towers, 71 Miller Rd, Bangalore 52 (H—14.7)

Overseas

MNGR (Mktng) • Nigeria • *Sal* Rs 1,00,000 pa • *Age* 30 yrs • *Qlfn* MBA • *Reqd* Xprnce wth electrncs, toiltrs, plstcs, oprtns • *Resp* NS • *Cont* PO Box: 2344, Bombay 2 (H—10.7)

MNGR (Brnch) • Salalah (Oman) • *Sal* Riyals Omani 375 pm + hsg + prks • *Age* 35 yrs • *Qlfn* BE (cvl), pref wth MBA • *Reqd* 10 yrs xprnce in sls + mrktng of indus prods or engg srvcs with min 3 at mngrl lvl • *Resp* New biz devp, cstmr lsn, rssrce mngt, admn, etc • *Cont* A.F. Ferguson Associates, 32 Nungambakkam High Road, Madras 34 (H—11.7)

Appointments

A leading, professionally managed Company with diverse interests and an annual turnover of over Rs. 50 crores needs a

VICE-PRESIDENT
(FINANCE)

Hyderabad **Excellent Terms**

to head its finance function. The Company belongs to a Group that has demonstrated its commitment to providing executive autonomy and professional growth.

The incumbent would be totally responsible for the finance function including accounting, finance, taxation, internal audit, and other related activities. He would also be responsible for all legal and secretarial functions of the Company. He would arrange for funds from financial institutions, banks, market and ensure their effective utilisation. He would also be required to install a sound system of budgeting, costing and MIS.

Applicants should be Chartered Accountants/Cost Accountants/ MBA (Finance) with 15 years experience of which at least 5 years should have been as head of the finance function of a similar sized company. Experience with computerised accounting and MIS is essential. The position calls for a person with a high degree of enthusiasm, drive and strong inter-personal skills.

Preferred age would be 35-40 years. Prospects are very good for the right candidate for further progress in the Group Companies. The compensation package will not be a constraint for the right candidate.

Applications will be treated in strict confidence. Please apply with detailed resume within 15 days to:

Managing Director
Apex Management Consulting Group (P) Ltd
C-1 Rams Square, 2 Village Road,
Madras-600 034

amcon

A leading, professionally managed and rapidly growing Industrial Group in South India, engaged in diverse fields of activities needs a

VICE PRESIDENT
(Manufacturing)

South India **Excellent Terms**

for its latest venture in a petrochemical project with investment exceeding Rs. 600 crores. The Group has a demonstrated commitment to providing executive autonomy and for creating a climate for self-actualisation. A strong team of professional Managers is already implementing the project.

The incumbent would be totally responsible for the operation of the plant including production, maintenance, technical services and other supporting functions such as materials, personnel, accounts, etc. He would be assisted by General Managers in these areas and would be required to co-ordinate and provide leadership to this highly qualified and experienced team.

Applicants should be engineers, preferably with post graduate qualifications in management with about 20 years experience, a considerable portion of which should be in plant operations. Prior experience, in a large chemical process plant is desirable but not essential. A keen, analytical and innovative mind capable of bringing about a systematic approach to technical areas, is essential.

Preferred age between 40 to 45 years.

Prospects for the right candidate are excellent with opportunities to head the corporate technical function in about 3 to 4 years. The compensation package will not be a constraint for the right candidate.

Please apply with a detailed resume within 15 days to:

Managing Director
Apex Management Consulting Group (P) Ltd
C-1 Rams Square, 2 Village Road, MADRAS 600 034

(All applications will be treated with strict confidence)

Advt. No. CPL/1/7/87

INDIAN PETROCHEMICALS CORPORATION LIMITED

(A Government of India Undertaking)

REQUIRES

CHIEF FINANCIAL CONTROLLER

This is a Senior level position, carrying the scale of pay of Rs. 3500-100-4000/-

Besides pay, the incumbent will be eligible for ad-hoc relief of Rs. 1200/- per month, Industrial Dearness Allowance, House Rent Allowance, Gratuity, Contributory Provident Fund, Reimbursement of Local Travel expenses, Leave Travel Concession, Medical Reimbursement, Leave Encashment, Group Insurance etc. according to the rules of the Corporation. (Emoluments - Basic pay +Ad-hoc relief + IDA at the minimum of the scale will be not less than Rs. 5543/- per month).

Qualification and experience required

A good degree from a recognised University and membership of the Institute of Chartered Accountants of India or the Institute of Cost and Works Accountants of India or of Central Accounts Services (Class-I).

Candidates should have experience of about twenty years in a responsible position of which not less than ten years should have been at senior levels in the finance and accounting functions in industry or in Government. In the case of candidates possessing experience in Government, they should have had extensive experience in commercial audit and/or in Government Departments dealing with industry or works.

Job description.

The incumbent will be responsbile for ensuring efficient management of the financial and accounting functions of the Corporation, comprising broadly the areas of financial control and maintenance of accounts in respect of operations and projects. His responsibilities will include :

- financial appraisal of projects.
- financial scrutiny of contracts for works and supplies;
- maintenance of systems for project cost control;
- budgeting;
- control of working capital and arranging for funds from banks/financial institutions, public deposits, market borrowing etc.
- Maintenance of costing system for manufacturing operations;

General

Candidates should be Indian Nationals and preferably below 50 years of age. Other things being equal, preferance will be given to candidates belonging to Scheduled Castes/Scheduled Tribes.

Posting will initially be either at the headquarters of the Corporation or at the office of the Maharashtra Gas Cracker Complex at Bombay or Nagothane (Distt. Raigad).

Requirements may be relaxed for SC/ST and exceptionally suitable candidates. Deserving candidates may be considered for higher initial start in the scale.

Candidates called for interview will be reimbursed rail fare (air-conditioned first class) or air fare (economy class) by the shortest route from the place of residence to the place of interview and back.

Candidates meeting the requirements may send their applications and typed bio-data with the following details alongwith a recent passport size (front pose) photograph and true copies of certificates/testimonials in support of age, educational qualifications and experience to the Deputy General Manager (Corporate Personnel & Administration), Indian Petrochemicals Corporation Limited, PO Petrochemicals Township, Distt. Vadodara - 391 345 within 15 days.

Details to be furnished by candidate in his application/bio-data

(1) Advertisement Number (2) Post applied for (3) Name in full (4) Mailing address (5) Date of birth (6) Educational/professional qualifications (7) Experience in detail, including positions held, responsibilities discharged, reporting relationship and emoluments drawn from time to time with break-up (basic pay, dearness allowance etc.) (8) Whether belonging to SC/ST or an ex-serviceman (9) Whether applied for any post in the Corporation in the past, and if so details thereof (10) Additional information, if any.

Candidates employed in Central/State Government or Semi-Government/ Public Sector Organisations should apply through proper channel, but may send an advance copy.

Long before your clothes were rolls of cloth, we thought up the drape and handle of your trousers, the sharpness of the crease, the soft comfort of your shirt, the richness of shades...

Because all this is determined by the quality of the fibre used for the yarn used for the fabric.

Jailene.

The premium Polyester Staple Fibre, imparts the desired feel and appearance to your clothing.

Your dream clothing.
Swadeshi Polytex
makes it possible.

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creating tomorrow's fibre today.

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Style courtesy : Kalamandir

A commitment to better seeds... in India and the world

PIONEER.

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in countries of the world
by Pioneer Hi-Bred International, Inc.,
Des Moines, Iowa U.S.A.

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PIONEER®

BRAND · SEEDS

DIRECTOR, MARKETING

MULTINATIONAL COMPANY, NEW DELHI — Rs. 2 lacs (gross)

Pioneer Seed Company Limited is a member of the Pioneer Hi-Bred International Inc. and Pioneer Overseas Corporation group which does business in all 50 United States, across Canada and in over 90 other countries. Our philosophy-our attitude toward research, production, marketing and the worldwide network of Pioneer people-continues to make Pioneer an international leader in the genetic supply industry for agriculture. We manage in a participative style that respects decentralization. In India, our product line includes hybrid seeds of four crops-corn, sorghum, pearl millet and sunflower.

To develop marketing strategies that are in support of our 'long look' philosophy, Pioneer Seed Company Limited wishes to appoint an aggressive marketer (reporting to the President) to head the company's marketing and sales function which is in the process of becoming a separate 'profit centre'. We attach considerable importance to leadership qualities and new ideas - Pioneer is a company 'where ideas grow'.

The incumbent will be responsible for product activity in terms of customer service, sales volumes, distribution, competitive postures and relationship to changing technology. The selected person will also conceptualize and implement advertising and promotion strategy. The candidate should be skilled in market research, new market development, long range planning and working capital management and will lead a highly qualified team of marketing professionals.

We are looking for an MBA of around 40 years with relevant experience of 10-15 years.

If interested, please mail your resume and salary history together with a photograph within 10 days to:

The President
Pioneer Seed Company Limited
A-311, Ansal Chamber No. 1
3, Bhikaiji Cama Place
New Delhi-110 066

Helping agriculture grow through genetic research

ESAARPEE

PIONEER®

BRAND · SEEDS

CORPORATE ACCOUNTS MANAGER

NEW DELHI **SALARY-80,000 p.a. + Annual Benefits**

As a Corporate Accounts Manager you will make a visible contribution in your area, providing necessary input to the dramatic growth of Pioneer Seed Company Limited.

Typically, you will be a qualified Chartered Accountant with 3-5 years post qualification experience in the areas of MIS, general accounts, audit, taxation and compliance with statutory and other related financial matters in a large or medium scale manufacturing company.

We are looking for a dynamic and professionally competent person of around 30 years,who will be directly responsible for the effective implementation of accounting systems at the head office and branches of the company.

Exposure to computerized accounting systems is essential.

CORPORATE COMMUNICATIONS MANAGER

NEW DELHI **SALARY-80,000 p.a. + Annual Benefits**

If you've been searching for a Company that rewards you for your insight, creativity and initiative, we invite you to look into our current opening for a Corporate Communications Manager at our Corporate Office in New Delhi.

In this position, you will accept full responsibility for translating the company's marketing strategies into aggressive promotional and advertising campaigns. To achieve this, you will effectively interact with the company's marketing personnel on one hand and advertising agencies on the other.

The position calls for press liaison and public relations both within and outside the company.

A degree in advertising/marketing will be preferred, with a minimum of 5-7 years experience in an advertising agency, or in the marketing department of a consumer product company. You should be around 30 years of age.

If interested, please mail your resume and salary history together with a photograph within 10 days to :

The Director, Finance and Administration
Pioneer Seed Company Limited
A-311, Ansal Chamber No. 1
3, Bhikaiji Cama Place
New Delhi-110 006

Helping agriculture grow through genetic research

ABC's major specialisations include Corporate Consultancy

CHIEF EXECUTIVE

Engineering Industry

Industrial City, Eastern India **Excellent Terms**

A large and profitable 100 crore company known for its professional management wishes to appoint a Chief Executive for its engineering unit in Eastern India.

The Chief Executive who will be accountable to the Head Office will be **totally responsible for the profitability and growth of the Unit** which employs about 1000 people. Candidates should ideally be between 40 and 45 with a proven record of growth and performance in senior management positions. **Hard core manufacturing experience** in light/medium engineering industry, preferably in mass production, with **sound techno-commercial sense,** exposure to all functional areas of management and ability to motivate & lead a team of professionals towards ambitious corporate goals is essential. Some general management experience is desirable.

This is a demanding position requiring specific ability to manage challenging IR situations and tight financial conditions. The terms will match the best in the country. Please write in strict confidence to **V S Gurumani, General Manager** within 10 days quoting job title & code CEI/DEL/271.

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place, New Delhi-110 019. Tel. No. 6433383

Project Reports • Operations Research • Industrial Engineering • Materials Management • Project Reports • Business Negotiations

Organised Cost Reduction • SWOT Analysis • Data Processing

Technology Transfer • MIS • O&M • Software Packages • Systems & Procedures • Computer Feasibility • Socio-Economic Studies

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HIGH PROFILE PROCESSED FOOD & BEVERAGE PROJECT

We have been retained by a professionally managed & highly successful **INDUSTRIAL GROUP** to select 3 key professionals for their **CALCUTTA** based, highly sophisticated & modern, mass production, consumer project, covering an area of 200 Acres and under franchise from **NATIONAL BRAND LEADER.** The first phase is under active implementation and the total capital investment will exceed Rs 40 Crores in the next 4/5 years. In addition, several innovative & hi-tech products with **WORLD CLASS** Brand Image are under evaluation.

CHIEF EXECUTIVE

He will have total techno-commercial responsibility on a **PROFIT CENTRE** basis. The ideal candidate will have (a) team leadership skills (b) significant marketing & selling experience of fast moving branded products (c) plenty of initiative & growth potential—must be a **self starter** (d) good administrative capability (e) highly developed **money sense.** Travelling including **Visits Abroad** will be involved. Age Group 38-45. Code CEFB/CAL/2340.

FINANCIAL CONTROLLER & COMPANY SECRETARY

Must have proven capability of managing all aspects of financial accounting, product costing, legal & secretarial functions, internal audit, performance monitoring, management reporting, controlling nett current assets at the lowest levels, **creating new source of finance,** dealing with financial institutions & banks. Should be a qualified Chartered Accountant & Company Secretary with **High Business IQ** and strong administrative ability. Code FCFB/CAL/2341.

SALES & DISTRIBUTION MANAGER

Will be responsible for formulating & executing sales & distribution strategies to achieve agreed growth targets. The position entails creation of an excellent distribution system, market & dealer development, sales promotion, new product launch, sales team management. The ideal candidate will have **strong leadership skills** and outstanding practical experience in distribution of consumer products. Indepth knowledge of Calcutta Market will be a major asset. Age Group 33-40. Code SMFB/CAL/2342.

High Performers would have very rewarding career opportunities under a distinguished Board Of Directors and could look forward to excellent growth prospects. A very handsome remuneration package will be negotiated. Please write in strict confidence within 15 days to **B P Agrawal, Chairman** and mark the envelope & enclosures with respective job title & code. Particulars of age, education, past experience, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, etc., should be clearly mentioned in the bio-data.

ABC CONSULTANTS PRIVATE LIMITED

Head Office: 43/3, Hazra Road, Calcutta 700 019 Phones: 473688(5 lines)

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Bombay **Competitive Package**

A Prime International Bank requires a dynamic and experienced individual to build its Trade and Non Credit Services Activity with Financial Institutions in the sub-continent.

The incumbent will be responsible for independently servicing opportunities, submitting proposals in conjunction with the Head Office and negotiating service contracts. The job calls for a thorough knowledge of Indian trade flows with major trading countries as well as in-depth understanding of the common settlement mechanisms in use, the regulatory environment in India and elsewhere as well as prevailing technology.

The ideal candidate will currently be employed by a foreign bank and will have demonstrated the ability to source transactions and operating activity, as well as build long term customer relationships over the past 2 – 3 years. He/She will be skilled at written and oral communication and teaming up with members of the banks other foreign offices in coordinating proposals and closing transactions. Salary and perquisites are unlikely to be a constraint for the right person and the job offers considerable growth potential and travel opportunities.

Please apply in strict confidence within 7 days to:

A. F. Ferguson & Co.
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked 'Ref. MS/4662. Candidates not contacted within three months of application, may assume that they are not being considered.

Appointments

HERO

The largest Bicycle Manufacturers in India, with a proven track record of growth and current turnover exceeding Rs. 100 Crores, is now poised for rapid growth in view of its immediate Expansion Plans. In order to successfully meet and implement the ambitious growth Plans the Company is looking for the following professionals :-

GENERAL MANAGER

(NEAR DELHI)

Salary/perks
around Rs. 1,00,000 Per Annum

The incumbent will be responsible for complete manufacturing operations as well as the administration of the Plant. Key areas of responsibility include successful implementation of the Project, achieving excellence in quantity and quality production, maintaining harmonious industrial relations, cost control and effectively leading a team of professional Managers.

Candidate should be Engineering Graduate, with proven track record in independently managing a light engineering Unit of a reputed industrial house with overall experience of 12/15 years including atleast 5-7 years at the helm of the function. It is a challenging assignment with excellent growth potential for the right candidate. Preferred age around 45 years.

DY. GENERAL MANAGER

(PERSONNEL & ADMINISTRATION)

(NEAR DELHI)

Salary/perks
around Rs. 75,000 Per Annum

The incumbent will be responsible for overall administration of the Plant particularly of the entire human resources and industrial relation area which include the implementing of personnel policies, framing of procedures and systems, recruitment, training, career planning, union negotiations and wage administration. Building a sound organization, creating and maintaining healthy industrial relations, climate and implementing welfare measures also form part of the job function.

The incumbent should have 10-12 years experience of handling labour relations with innovative, helpful and supportive approaches.

Those willing to accept the challenge, may apply in confidence immediately stating age, qualification, working experience, positions held, duration of stay, together with salaries drawn and expected, to :-

THE DEPUTY GENERAL MANAGER (PERSONNEL),
HERO CYCLES PRIVATE LIMITED
HERO NAGAR, G.T. ROAD, LUDHIANA-141003

Appointments

A leading, professionally managed and rapidly growing Industrial Group in South India, engaged in diverse fields of activities needs a

GENERAL MANAGER
(MARKETING)

South India **Excellent Terms**

for its fertiliser project with investment exceeding Rs. 600 crores. The Group has a demonstrated commitment to providing executive autonomy and for creating a climate for self-actualisation. A well-knit team of professional managers has already launched an ambitious market seeding programme.

The incumbent would report to the Chief of the Marketing Function of the Company. He would be actively involved in evolving long term marketing policies and in formulating the requisite plans and strategies. The applicant would be responsible for identifying and developing markets. He would be required to direct and lead a group of technically qualified and experienced professionals. The position calls for a **high conceptual ability, creative thinking and dynamism.** Excellent communication and inter-personal skills are also required in this position for dealing with Govenmental agencies and others in the industry.

Applicants should have post graduate qualifications in management from a reputed institution with specialisation in Marketing, and have about 15 years experience in marketing, preferably in bulk marketing of products such as cement or fertilisers or in marketing products in a predominantly rural market.

Preferred age is around 40 years.

Prospects for the right candidate are excellent with opportunities to head the marketing function in about 3 to 4 years.

The compensation package will not be a constraint for the right candidate.

Please apply with a detailed resume within 15 days to:

Managing Director
Apex Management Consulting Group (P) Ltd
C-1 Rams Square, 2 Village Road, MADRAS-600 034.

(All applications will be treated in strict confidence)

amcon

Appointments

ALPHA TOYO LIMITED

We are an Organisation having leading Japanese Collaborations and committed to high growth. Our activities encompass the manufacturing of Auto Ancillary Components for leading Original Equipment Manufacturers in India, for which we require the following professionals with potential for growth:—

GENERAL MANAGER — MANUFACTURING :

The applicant should be an Engineering Graduate. The Selected candidate will have the overall responsibility for production of the entire plant, which shall include Plastic Injection Moulding, Press Shop, Assembly of Products, Stores, Production Planning Control, Painting/ Plating Shop and Coordinating with various other departments headed by experienced personnels. Applicant should be in the age group of around 40 years with 15 to 20 years production experience in Light Engineering Industry. A Minimum of 5 years experience in Senior Level capacity is a must.

PRODUCTION MANAGER

The applicant should preferably be a Graduate in Mechanical Engineering around 8 years experience as a Sr. Managerial Level in Light Engineering Industry. The job entails Supervision of all production activities including Injection Moulding Shop, Press Shop, Machine Shop and Assembly of Products. The candidate should be a good Manager & team leader to achieve higher productivity. Age around 30/35 years.

MANAGER (Quality Engineering)

Should be a Mechanical Engineer with relevant experience for minimum 8 years in the field of in-process quality control, quality—audit and also be conversant with the quality-analysis, quality-planning and quality-improvement techniques. Age around 30/40 years.

MANAGER (PRODUCT DEVELOPMENT)

Should be a Meachnical Engineer with design and development back-ground pertaining to Light Engineering Industry, preferably involving Sheet Metal work, Plastic Injection Moulding and Machine Shop Experience at a Managerial Level and a distinct flair for development activities. Age group 35 to 40 years.

ASSTT. MANAGER (MANUFACTURING ENGINEERING)

Should be a Mechnical Engineer preferably with specialisation in Industrial Engineering/Tool Engineering. Should have a minimum five years experience in the field of manufacturing engineering in a reputed light engineering industry. Age around 25/35 years.

The Company offers liberal perks. Salary will be commensurate with ability and experience.

Please apply in strict confidence within 15 days from the date of this advertisement furnishing full Bio-data including the present and expected salary alongwith latest Passport Size Photograph indicating on Envelope the Advertisement Number & Post applied for to:

The Executive Director
Alpha Toyo Limited, 9-H, Sector-6, FARIDABAD-121 006

SENIOR INTERNAL AUDITOR

Sudan

Attractive tax free compensation package

Kenana Sugar Co. Ltd. has been established as one of the world's largest sugar estates. The estate has a self-contained modern township with all amenities. The company is professionally managed using modern management methods and it seeks the services of a mature and energetic Senior Internal Auditor.

The Senior Internal Auditor will be required to work closely with, and report to the Chief Internal Auditor in all matters relating to the discharge of the Departmental function which, in addition to routine programmed audit work, encompasses the continuous development of financial and managerial control systems and the handling of occasional ad hoc assignments as delegated by senior management.

Candidates must be outstanding professionals in accounting with exposure to modern auditing techniques and EDP accounting systems. He should be able to communicate effectively at all levels and it would be desirable if he has previous overseas experience in this field. A bachelor status contract is envisaged though consideration would be given to a family status contract for outstanding married candidates.

The remuneration package would be very attractive and tax free. A saving of more than half of the exceptionally attractive salary is possible. In addition to salary, free furnished accommodation, medical, 60 days leave + return airfares, gratuity, supplementary bonus and other fringe benefits are offered.

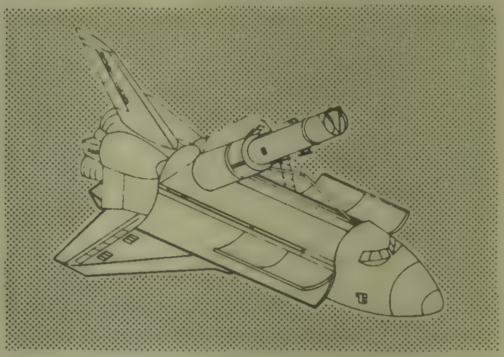
Please apply in strict confidence within 10 days to:

A. F. Ferguson & Co.
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/4654".

WE OFFER

An outstanding specialised range of computer solutions.



Computer Vision Laboratories (India) Pvt Ltd (VISIONLABS) a joint venture with Andhra Pradesh Electronics Development Corporation has exciting news for computer users and professionals. It's set up to develop and offer highly specialised software and specific hardware of International standard. All with indigenous expertise that can take on the world's best.

VISIONLABS is India's pioneer in the field of imaging/vision systems and a leading innovator in graphics and computer aided design and engineering systems. The Company, based in Hyderabad develops and sells innovative and highly cost effective hardware/software solutions for a wide range of applications in the fields of cartography, remote sensing, industrial inspection and structural, mechanical, electrical and chemical engineering designs both in domestic and export markets.

Their solutions are based on PC/X PC/AT, PC/386 and 68020 based minis; with their high resolution Graphics Cards.

People behind VISIONLABS, are high calibre computer scientists and technologists. In all VISIONLABS has over 50 man years of relevant experience and enough professional savvy to clai Leadership tomorrow.

VISIONLABS

COMPUTER VISION LABORATORIES
(INDIA) PVT. LTD.

2nd Floor, 4, Motilal Nehru Nagar,
Begumpet Main Road, Secunderabad-500 016.
Grams: VISIONLABS — 500 016

associated/CVL/146/87

WE INVITE

Outstanding management specialists.

Marketing Manager (Hyderabad)—
Age: Around 35 years.

The job involves overall responsibility for marketing operations all over India. This will entail building up a sales team, development of dealer network, marketing strategies, domestic and export markets. He will be required to achieve Company's sales targets by implementing effective marketing strategies. A marketing professional with MBA Degree and having atleast 10 years experience in related fields would be ideal. A sound knowledge of market potential for computer systems in various territories of the country is a must. This is a senior management position reporting directly to the Managing Director.

Area Managers (Bangalore, Bombay, Delhi) — Age: Around 26 years.

The incumbent will be required to assume overall responsibility for achieving the Company's objectives in their respective areas and assist the Marketing Manager. He will have to motivate a team of marketing executives and achieve positive results. Engineers with atleast 5 years experience in marketing computers/electronic instruments would be ideal.

Marketing Executives (Bombay, Delhi, Madras, Hyderabad)
Age: Around 23 years.

The job involves responsibility for achieving sales targets, expansion of customer base and creation and maintenance of excellent customer relations. Candidates should be engineers with at least 2 years experience in selling computer systems.

The selected candidates will report to their respective area managers.

Finance Manager (Hyderabad) —
Age: Around 35 years.

The job involves overall responsibility for the entire financial accounting and costing functions of the company. He should be experienced in liaising with financial institutions/banks. He will assume responsibility for the complete legal/secretarial and administrative functions of the company.

Candidates should have CA/ICWA qualifications. Additional qualification of Company Secretary is preferred. A minimum experience of 7 years is essential. This is a senior management position reporting directly to the Managing Director.

Salary and perquisites will compare with the best offered by the industry and will not be a constraint for the right candidate.

Applications with positions marked on envelope enclosing BIO-DATA with last salary drawn should be sent within 10 days to:-

CARE
Dr. Sushila Rao,
Consulting and Research
Enterprise,
3-6-69/2A, Basheerbagh,
HYDERABAD-500 029.

THE BOMBAY OIL INDUSTRIES PRIVATE LTD.

COMMERCIAL MANAGER

THE COMPANY: Manufacturers of the prestigious brands of PARACHUTE and SAFFOLA vegetable oils, the Company is a multi-divisional, multi-unit, multi-product organisation with a highly professional management. The Company has maintained an extremely impressive growth rate, with a current turnover of around Rs. 45 crores. The Company provides a creative and challenging work environment with a team of successful high calibre professionals.

THE COMMODITIES DIVISION of the Company, located at Cochin, South India, maintains leadership in premier commodities traded in both International and Domestic Markets. These commodities form the bulk of raw materials for all our Divisions. We are looking for a senior person to head this Division.

THE JOB: This is a high level position and the incumbent shall have the overall responsibility of independently managing a profit centre. The responsibilities include the buying of coconut oil, oil materials control for the subsidiary companies, raw materials management, management of stores, chemical purchasing and other materials management functions which include capital equipment procurement and imports. Major responsibilities will also cover conceiving, developing and implementing long range growth and diversification plans. He will be working as a part of a professional top management team to develop profit strategies and strategic business plans for subsidiary companies.

THE MAN: The candidate aged around 35 years must be a Graduate with Post Graduate Materials Management qualifications from a reputed management institution. Sufficient knowledge and experience of materials management at a senior level, a strong commercial acumen, high level of integrity and ability to take timely decisions involving high volumes and costs are essential attributes for the job. Demonstrated skills and experience in developing strategies for growth and diversification of commodity businesses are desirable attributes.

THE COMPENSATION: The Company has a well-structured compensation plan and a scientific reward system commensurate with results achieved on the objectives set in advance. As mentioned, this is a senior position in the organisation and an attractive compensation package will be offered to match the best talent.

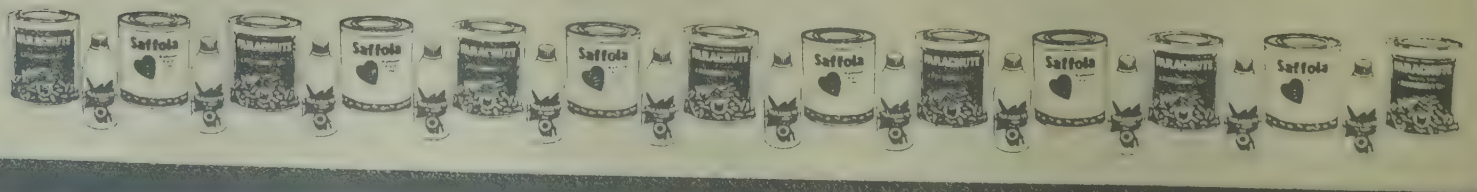
If you fulfill the above mentioned requirements, please send your structured resume with full details of employment records and current salary drawn within 7 days to:

Mr. S.J. Mariwala, Chief Executive, South India Operations,
THE BOMBAY OIL INDUSTRIES PRIVATE LIMITED,
Post Bag No. 3, Angamally South-683 573.

OR

Call in person for an interview any evening on Telephone No. 0484 - 353728

ALL APPLICATIONS WILL BE HELD IN STRICT CONFIDENCE



NELCO

offers challenging career opportunities in its

CONSUMER PRODUCTS DIVISION

The National Radio & Electronics Co. Ltd. (NELCO) is a pioneer of entertainment electronics in India. Over the years, the Consumer Products Division of the Company has successfully manufactured and marketed a wide range of products including transistors, audios, black & white and colour TVs and is on the verge of major expansion plans. Nelco requires:

■ MANAGER, Marketing Services– Bombay (code: MMS/B)

The selected candidate will lead a group of product managers/executives and will be responsible for market research, market development, new product introductions, and for evolving market strategies for distribution, to achieve budgeted market shares. He will also be responsible for advertising and sales promotion activities.

Candidates should have a post graduate degree/diploma in Management with 8-10 years' experience in marketing consumer products.

■ REGIONAL MANAGER– Bombay (code: RM/W)

The selected candidate will head the Consumer Products Division operations in the Western Region as a profit centre, comprising of Maharashtra, Gujarat, Madhya Pradesh and Goa. This will include management of sales, after sales service, market planning & development and evolving strategies for achieving budgeted market shares. He will also be responsible for regional promotional activities, recruitment, training, motivating & controlling a highly professional team.

Candidates should be graduates with around 10 years' experience in Sales and Marketing functions, preferably in consumer durables, with a minimum of 3 years at the managerial level.

■ AREA SALES MANAGERS-All State Capitals (code: ASM/ASC)

Selected candidates will be responsible for leading a team of sales executives to achieve budgeted sales and collection targets in assigned territories.

Candidates should be graduates with 5-7 years' experience in selling consumer products.

■ SALES EXECUTIVES-All State Capitals (code: SE/ASC)

Candidates should be graduates, with 3-5 years' experience in the sales of consumer products through the dealer network.

The above positions carry attractive remuneration packages and excellent career opportunities.

Apply within 10 days, superscribing the respective code on the envelope, to:

The Marketing Manager
The National Radio & Electronics Co Ltd.
Mahakali Road, Chakala, Andheri (East), Bombay 400 093

Mudra:B:N:4492

SAVITA PETRO-ADDITIVES LIMITED

A new public limited company is entering the manufacturing of high technology petroleum products. Backed by a group established in petrochemical field and with the collaboration of one of the ten largest U.S. multinationals projected turnover by 1990 is Rs. 100 crores. Its corporate office will be at Bombay.

PROJECT MANAGER

The selected candidate will be in overall charge of the project and will be responsible for erection and commissioning coordinating with consultants, collaborators and government agencies and monitoring technical and commercial aspects will be his job duties. He will play a key role in technology transfer as well.

The applicant must be a Chemical/Mechanical Engineering graduate with atleast 15 years industrial experience in handling similar senior assignments. Familiarity with Petro-Chemical field will be a great advantage. We are looking for a senior committed professional with a high degree of competence and abilities to head this time bound project (X-1/87).

MARKETING MANAGER

The selected candidate will have overall charge of formulating and implementing marketing strategies and provide technical services to the customers. He should be able to lead a team of highly motivated salesmen towards excellence. During the initial period he will undergo extensive marketing orientation at the collaborator's offices in U.S.A.

The applicant must be a Chemical Engineer or a graduate in Chemistry with atleast 8/10 years experience in the lubricating Oil Industry or either marketing R&D or technical Service Dept. (X-2/87).

FINANCE MANAGER

We are looking for a dynamic matured Chartered Accountant with additional qualification in Company Secretarial practices to formulate and execute the entire financial operations of the project including project funding, banking, taxation, financial accountancy. He will be responsible for handling financial Institutions and Public issue as well. The applicant must have atleast 10 years industrial experience and familiarity with such functions (X-3/87).

The above positions are at top management level and offer opportunities for challenging assignments and have very good growth prospects. They carry salary and perks comparable to the best in the industry.

Apply in strict confidence with detailed work history mentioning present and expected salary quoting reference number to:-

The Project Coordinator
Savita Petro-Additives Limited
66/67 Nariman Bhavan
Nariman Point
Bombay 400 021.

Vibgyor

Appointments

HINDUSTAN LEVER LIMITED **LIPTON INDIA LIMITED**

require

ACCOUNTS MANAGERS

We are looking for persons with a high degree of professional competence to effectively perform in various functions such as internal audit, finance and taxation, works and sales accounting in our various units.

Applicants should be Chartered Accountants, Cost Accountants or MBAs with specialisation in Finance with at least 3 years post qualification experience. Knowledge of EDP will be an advantage.

Preferred age 25 to 32 years.

PRODUCTION AND DEVELOPMENT MANAGER

We are looking for a person who will be responsible for production as well as process/product development for the dairy at Etah.

Applicants should be qualified dairy technologists with at least 5 years experience as production incharge of a milk products factory. Qualification in food technology and experience in product development will be an advantage.

Preferred age around 30 years.

The positions are in the management cadre and carry an attractive remuneration package with a challenging and rewarding career.

Applications addressed to the "Selection and Training Department, Hindustan Lever Limited, P.O. Box 409, Bombay 400 001" should reach us within 10 days of this advertisement. Please indicate the position applied for on the envelope.

FOR ALL THOSE
WHO BELIEVE THAT
SELLING TOYS
IS NOT
CHILD'S PLAY.

Selling good toys in India is a complex task.

Toys that are intelligently conceived, aesthetically beautiful, safe to play with, and made of the finest and most durable material.

Especially because it has never been done in this country before.

Now Hasbro of the U.S., the world's largest toy manufacturer with an annual turnover of 1,300 million (Rs. 1600 crores), has tied up with Funskool (India) Limited. A professionally-managed company based at Madras with a factory in Goa.

As a result of this collaboration, Indian children will at last be able to play with toys that are too cute for words. As well as games and educational products of the highest international quality.

Our ambition is to reach a turnover of over Rs. 15 crores in 3 years' time. At a growth rate exceeding 50% per annum! And this growth will be backed up by not only our world-class range but also by internationally successful selling and merchandising practices. And a multi-million rupee advertising and promotional budget. In television, press and other exciting new media. Plus, of course, a dynamic nationwide sales network.

To help us in our growth plans, we are looking for:

REGIONAL SALES MANAGERS
Bombay, Calcutta, Delhi, Madras

You are the whiz kid of your present organisation. And your genius lies in developing original, exciting ideas to boost sales. And, of course, you are practical enough to make sure they work.

To prove your point, you have a track record which speaks for itself. And a demonstrated capability to run a region on a profit-centre basis.

With your experience (at least 5 years in the sales and distribution of consumer products at a regional level), we don't really have to tell you what will be expected of you. Budgeting, setting sales targets, planning and implementing sales strategies, managing distribution... you know it all. You will be totally responsible for all this, and will report to the General Sales Manager.

So if you think you can deliver the goods and (preferably) have a degree in Management, we'd love to meet you.

REGIONAL SALES EXECUTIVES
Bombay, Calcutta, Delhi, Madras

You are far more than just the star sales person in your present job. You're a graduate with at least 5 years' experience in selling consumer products, with at least 2 years in a supervisory capacity. Beyond this, if you can also shoulder the responsibility of being in complete charge of your sales territory (you know what that means!); and know the tricks of keeping your distributors and dealers happy, implementing merchandising schemes, you will be more than happy with us.

While you will work independently and have the freedom to make your own decisions, you will report to the Regional Sales Manager.

SALES OFFICERS/
FIELD PROMOTION OFFICERS
Men and Women

Important Towns all over India

You'll have a lot of fun doing these jobs and what's more, you'll be paid well for it.

Apart from your normal selling functions, you will organise exciting promotional schemes, consumer contacts, product demonstrations, point-of-sale activities... the kind India has never seen before.

For both posts, you should be a graduate with at least 2 years' sales experience in a consumer durable non-durable company. Previous experience in organising fairs, meets and festivals would be a definite advantage for Field Promotion Officers.

And if you're below 25 years, with a cheerful personality and, above all, game for hard work, the job is almost yours.

In metros only, we need Women SALES OFFICERS who meet the above requirements, but will not be required to travel upcountry.

Now for your salary! It will compare favourably with the best in the corporate sector. And for the right candidate, just ask and you shall receive.

So don't toy around with the idea any longer.

Just grab a pen and write to us within 10 days, superscribing the envelope with the post applied for, at the following address:

Funskool India Limited
8 McNichols Road
Madras 600 031

SMARToys

FUNSKOOL

Rediffusion FS 5526

Appointments

BENGAL CHEMICALS

Keeping pace with time over eight decades.

BENGAL CHEMICALS the well known Industrial Organisation engaged in the manufacture and marketing of INDUSTRIAL CHEMICALS, DRUGS AND PHARMACEUTICALS as well as some well known brands of HOME PRODUCTS AND COSMETICS, for more than eight decades is in the process of modernising the manufacturing facilities at Four Factories. The Company is also reorganising the marketing set up to keep up its uncompromising commitment to consumer satisfaction and improve its market share.

The Company is looking for result oriented persons of proven competence and commitment to man following key positions :

Manager — Sales Administration

Will be responsible for effective co-ordination with Factories and Sales Offices for Production, Planning, Distribution, Management of Finished Stocks, evaluation of debtors and related documentation. He will be functionally responsible for effective administration of Branch Sales Offices and monitoring selling expenses, performance of non-selling staff, and shall be required to develop requisite systems & procedures.

A Graduate preferably with Professional Qualifications in accountancy (CA/ICWA) or management specialising in Marketing/Finance, having 15 years' experience with 5-7 years in Sales Management, Sales Administration & Sales Accounting functions should meet our requirements. Should be a self-starter, systems oriented and sufficiently matured.

Product Manager — Consumer Division

Will be responsible for organising market research, formulating marketing strategies, advertising & sales promotion plans, media selection and related marketing and Sales Promotion activities to achieve projected growth in market share of existing product-lines and to introduce new products. Ability to train Field Force is essential.

A Graduate, with Professional Qualifications in Marketing Management with 7-12 years of experience in Marketing and Sales Management of Consumer Products will be considered. Individuals with high motivation, enthusiasm, persuasiveness and good communication skills who enjoy creativity & excellence are most likely to fit the position. Experience in Marketing & Product Management alongwith Sales, preferably in Perfumed Hair Oil, Disinfectants, Soaps, Detergents and allied product lines, would be the ideal blend.

Works Accountant

Shall be placed at one of our Factories and will be responsible for total accounting functions involving Procurement, verification & monitoring of stocks, periodical evaluation of capital assets and cost controls. He will ensure effective deployment and utilisation of resources.

A Professional Accountant (CA/ICWA/B.COM with MBA in Finance) with 7-12 years of experience in identical function, preferably with some senior level experience in Corporate Finance need apply.

Area Sales Managers

The selected incumbents shall be placed in our Branch Sales Offices located at Metrocities and State Headquarters, to take charge of Sales and Branch Office Administration. Shall be accountable for achieving targetted sales of Pharmaceuticals & Home-Products by effectively implementing marketing strategies in their regions, monitoring performance of Field Staff, streamlining distribution & dealer network and quickly responding to changes in market environment.

Graduates perferably with Post Graduate qualification in Marketing Management, with at least 7 years' Field Management experience in consumer products need apply. Must have, apart from selling ability, a high degree of man management skill. Persons having served only as Field Sales Representatives need not apply.

AGE & PAY SCALES

Scale of Pay (Rs)	Preferred age group	Relaxed Age limit	Total emoluments at minimum of the scale (Rs) (excluding HRA)
Sl. No. 1: 2100-100-2800 or			2950
1800-80-1960-100-2460	40-45 Yrs.	50 Yrs.	2650
Sl. No. 2 & 3: 1500-60-1680-80-2000 100-2200 or	35-40 Yrs.	45 Yrs.	2350
1300-60-1720-80-1880	30-35 Yrs.	40 Yrs.	2150
Sl. No. 4: 1300-60-1720-80-1880	30-35 Yrs.	40 Yrs.	2150

Pay Scales may undergo upward revision. The selected candidates will be offered either of the above mentioned Pay Scale depending on background and experience. Reservation of Posts for SC/ST candidates as per Govt. Directive — relaxed standard & relaxed age limit will apply in their cases. Other benefits include Leave Encashment, Medical Reimbursement, Gratuity, Provident Fund and Group Accident Insurance Scheme, etc.

Specifications may be relaxed in deserving cases. Candidates called for interview will be reimbursed Travelling Expenses according to Rules of the Company. Employees working in Government/Semi-Government Organisation, Public Sector Enterprises must route their applications through proper channel.

Candidates fulfilling the above requirements may apply superscribing on the envelope the code of the post applied for, within 15 days, giving complete bio-data and passport size photograph (non-returnable) to:

Chief Manager (Personnel & Administration)
BENGAL CHEMICALS & PHARMACEUTICALS LTD
(A GOVT. OF INDIA ENTERPRISE)
Registered Office : 6 Ganesh Chunder Avenue, Calcutta — 700 013

MANAGEMENT CONSULTANTS

Calcutta — Bombay — Delhi — Madras

MASER

- An independent professionally managed consulting organisation.
- Operates from Calcutta, Bombay, Delhi & Madras.
- Undertakes market research, project identification, feasibility studies, loan syndication, executive selection and development.

MASER

- Over 400 assignments completed in India, South-East Asia, Europe and USA.
- Consulted by leading multinationals, large Indian business houses and major public sector organisations in India.
- Consultant to some of the largest organisations in USA, Europe, Netherlands and Australia.

MASER

- Requires Engineers or Science/Economics Graduates with MBA.
- Preferred age group 25 to 35 years.
- Minimum work experience 1 to 2 years.
- Offers attractive pay package, excellent growth potential and all round executive development.

Write immediately to :—

MR DEVASIS GUPTA
DIRECTOR
MASER PRIVATE LIMITED
ONE WOOD STREET
CALCUTTA 700 016

MASER
PRIVATE LIMITED

A large Industrial House having diversified interests requires result oriented professionals to man key positions for their Distillery at BIDAR/BANGALORE, CEMENT PLANT, SUGAR WITH CORPORATE OFFICE AT HYDERABAD.

01.MANAGER FINANCE/ACCOUNTS: (Age: 40 to 45 years)
Should be result oriented Chartered/Cost Accountants in 8 to 10 years managerial experience and proven track record in independently handling finance, accounts, taxation, cost control, liaison with financial/commercial banking institutions. He will assume overall responsibility for finance and accounts functions of the units of the group reporting to Finance Director.

02.COST ACCOUNTS: (Age 35 to 40 years)
Should be graduate with diploma in cost accounting having 5 to 8 years experience at Senior level in reputable process/manufacturing organisation. Should be a Go Getter capable of taking independent charges of all functions related to cost control and management reports. He shall be reporting to Manager Finance/Accounts.

03.PRODUCTION MANAGER: (Age 35 to 40 years)
B.Tech (Chemical)/M.Sc. (Chemistry) with Post Graduation in Alcohol technology with 5 to 8 years experience in reputed distillery, well conversant with propagation of yeast and varius process of fermentation, distillation including secondary distillation (ENA) Production of Malt spirit, blending bottling of quality liquors, plant maintenance and allied Machinery, has to report directly to General Manager (Works).

04.BOTTLING MANAGER: (Age 35 to 40 years)
Diploma in Mech/Elec Engineering with 8/10 years with reputed bottling unit having experience on Automatic bottling Machine, and Semi-Automatic bottling lines capable of taking independant charge of bottling section, having leadership qualities and organising capabilities, having nearly about 250 workers producing more than 3000 cases per day.

05.CHEMICAL ENGINEER: (Age 35 to 40 years)
Should be B.Tech/BE (Chemical) degree with 5 to 7 years experience in large distillery well conversant with propagation of yeast culture fermentation and various processes of fermentation and distillation including secondary distillation (extra Neutral/Malt spirit etc.,) blending, bottling of quality liquors, plant maintenanc and allied machinery and should have sound knowledge of organolyptic and experience for identification of good batches of basic spirit for IML blending and has to report directly to the General Manager (Works).

06.BOILER/TURBINE ENGINEERS: (Age 35 to 40 years)
B.Tech/BE (Mech)/Boiler Competency Certificate, having worked in a continuous process chemical industry. Shall be responsible for the maintenance of High pressure Boilers on a back pressure Turbo Alternator. Should possess sound knowledge of maintenance of both. Shall be able to organise periodical maintenance of drills etc., Shall also be conversant with DM Water plant/De-mineraliser and Economiser (other parts of the boiler). He will be responsible for overall functioning of the two systems. Person having experience in Electrical Engineering shall have an added asset. He has to report directly to PRODUCTION MANAGER.

07.BLENDER: (Age 35 to 40 years)
Should be B.Tech/M.Sc with a minimum of 8 to 10 years experience in blending of liquors with various spirits. Should have excellent knowledge of organalyptic tests, formulations of natural and synthetic blends, development of new products with various flavourings and also should possess practical knowledge of technique and production of Extra Neutral Alcohol, Molasses, Corn Manufacture of Malt and Grape Spirits.

08.BOTTLING LINE SUPERVISOR: (Age 30 to 35 years)
Should be LME/Degree holder in Science having 5 to 8 years experience, in a large scale distillery cum bottlery/Pharmaceutical. He will be responsible for overall efficient operation of bottling line, extraction of work from line works exercising quality control by including quality consciousness and discipline amongest workers, keeping account of packaging material drawn for consumption on the line ensuring minimum wastage identifying causes thereof.

09.PERSONNEL MANAGER: (Age group 35 to 45 years)
Law Graduate with post graduate diploma in personnel management and Labour Welfare, with a thorough knowledge of all Labour Laws with 8/10 years experience with a Company of good repute. The job involves effective office Administration, efficient handling of Union Negotiations, and looking after implementations of agreements, wage administration, Grievances, handling procedures, disciplinary measures, persuing cases in labour courts and Industrial Tribunals, effectively liaisoning with Government agencies, maintaining statutory records and complying with statutory obligations under various Government laws. Knowledge of Kanada is a Must.

Salary is no constraint for deserving and exceptionally qualified candidates.

Please apply within 10 days with full bio-data giving details of qualifications, experience, exact date of birth, salary drawn and expected to:

Box No: AA/245/LS/1,
Business India, Wadia Building,
17/19, Dalal Street, Bombay 400 001.

Jaisons H SICL 001 87

Appointments

A reputed group with a proven track record and having joint collaboration with MARUTI UDYOG and SUZUKI MOTOR COMPANY JAPAN, wants for it's Gurgaon plant manufacturing moulded plastic parts of automotive vehicles:

WORKS MANAGER **Age: 35-40 years.**

A first class graduate chemical/mechanical engineer from a reputed university having at least 10 years' experience in industry out of which at least 5 years' should be in a plastic (such as PP, ABS) parts manufacturing unit at a senior and responsible position. Capable of handling largest Injection Moulding Machine with capacity of 2200 Tons. The incumbent will have to lead a team of highly professional and qualified individuals. Leadership qualities are imperative for success in this position.

CHEMICAL ENGINEER **Age: 27 years.**

The applicant should have a first class degree in chemical engineering from a reputed university. He should have minimum 5 years' experience in processing and testing thermoplastic/thermosetting plastic materials like PP, ABS etc. A good knowledge of the various protective coatings applied on plastic parts is essential. Knowledge of the chemistry of plastic materials and injection moulding process would be advantageous.

ELECTRICAL ENGINEER **Age: 30 years.**

A first class electrical engineer with experience in maintenance of sophisticated microprocessor-based Injection Moulding Machines. Besides knowledge of plant electrical maintenance, the incumbent will have to ensure high uptime for all electrical systems in the plant by systematic maintenance management.

Salary and Perquisites will be commensurate with position and responsibility and will be highly competitive.

Apply in strict confidence within 15 days, giving complete biodata with a passport size photograph and salary drawn and expected to:

MACHINO PLASTICS LIMITED
A-10, New Friends Colony, New Delhi 110 065

V. Diwan

Appointments

I.O.C.L.

Offers

Challenging Opportunities

to

Chemical Engineers & Fibre Technologists

at their

FUTURA SYNTHETICS DIVISION

(MADRAS)

INDIAN ORGANIC CHEMICALS LIMITED is a multidivisional Company with diverse interest which range from Fibres, Chemicals to Electronics, Computer Software and Processed Food. Futura Synthetics is the largest division of I.O.C.L., manufacturing Polyester Staple Fibre and Polyester Filament Yarn. The factory is situated at Manali, Madras which houses a very modern and highly sophisticated plants.

Consequent to, substantial expansion of Polyester Staple Fibre Plant and commissioning of Polyester Filament Yarn Plant, we need result oriented Chemical Engineers and Fibre Technologists for our Plant at Manali, Madras, in various functions like Production, R&D, Q.C. etc. to meet our requirements.

The candidates should be B.Tech./M.Tech. in Chemical Engineering or Fibre Technology from institute of repute like IITs, BITS Pilani etc. Apart from consistent bright academic record we assign lot of emphasis to dynamism, creativity and high level of initiative. We are interested in candidates with experience upto 4 years in relevant functions in similar industry. Fresh graduates may be considered for Trainee's position.

ATTRACTIVE TERMS

Salary will be no constraint for the deserving candidates.

Please apply within 10 days to :

Vice President—HRD
Indian Organic Chemicals Ltd.
New Excelsior Building
Wallace Street,
Bombay 400 001.

MARKADD/87

Appointments

TATA
Honeywell

Tata-Honeywell is a joint venture between Tata and Honeywell Inc., USA. The company will soon begin the manufacture and marketing of a range of sophisticated process control systems.

The factory and head office will be located at Pune.

Financial Controller

The selected candidate will be a Chartered Accountant or MBA having specialised in Finance.

Experience of at least 10 years in the independent handling of accounts of companies or profit centres is necessary. He must also have had sufficient experience in works and contract accounting and have the ability to negotiate financial arrangements with banks and other institutions.

Further, experience in sales tax, income tax, excise and other financial matters will be an added advantage.

An attractive remuneration package, including housing, will be offered to the selected person. He will be based in Pune.

Write to:
The General Manager
Tata Honeywell Private Limited,
C/o Tata Industries Limited,
Bombay House,
24, Homi Mody Street,
Bombay 400 001.

Karishma/TH/2/161

AMINDO CHEMICAL COMPANY MICHIGAN, U.S.A.

GENERAL MANAGER / PLANT MANAGER

Amindo Chemical Company of U.S.A. is planning to build a medium size chemical plant near a port in India to produce a speciality chemical exclusively for export.

We need an intelligent, ambitious and hardworking individual to be the General Manager as well as Plant Manager of this operation. Upfront you will be responsible for project development, vendor/contractor selection, plant construction/installation and startup. Thereafter you will have the full responsibility of plant operation, meeting production and shipment schedules, quality requirements as well as interfacing with suppliers and concerned government agencies etc.

Ideal candidate's background will include chemical engineering degree and atleast 10 years of experience in chemical plant design, installation and operation. Candidate with management experience and education will be given preference.

This position offers a salary and perks equivalent to Rs. 80,000/- to Rs. 1,20,000 per year commensurate with your qualifications. You will also be entitled to a bonus of upto 80% of your base pay strictly based on your performance.

If you think that you can meet the requisites of this position and have the desired qualifications, then please send your detailed and complete bio-data, including details of major projects and achievements of your career, a recent photograph, complete salary history and names, titles and addresses of atleast three references to:

Amindo Chemical Company, Inc.
5026 Caraway
Sterling Heights, Michigan 48310
U.S.A.

Appointments

VICE PRESIDENT (FINANCE)

Calcutta

A large and highly diversified company belonging to a prestigious business group is looking for a very senior and experienced professional for the position of Vice President (Finance), based in Calcutta. The company has a number of manufacturing units in Calcutta. The Vice President (Finance) will work in co-ordination with a number of functional Vice Presidents. Apart from his own functional responsibility of financial management and control, he will be responsible for close interaction in respect of major tenders, production and inventory planning from the commercial angle to optimise working results. The Company lays considerable emphasis on this position, particularly in the context of an envisaged major upgradation of management systems.

Requirements:

- Age preferably mid 40's.
- A Chartered Accountant with a proven track record in the functional areas mentioned above, having worked for at least 5 years, in a similar capacity, as part of a multi disciplinary senior management team.
- Exceptional leadership qualities, strong administrative ability and the flexibility to adapt quickly to the management culture of a business house.

Remuneration will not be a constraint for the right candidate.

Please address the application with full particulars to:

Lovelock & Lewes
MCS 711
Everest' 15th Floor
46C Chowringhee Calcutta 700071

Steel Furnace Association of India which represents more than 150 mini-steel plants, producing over 3 million tonnes of steel annually, valued at about Rs. 1,500 crores, wishes to select senior executives for its permanent Secretariat.

EXECUTIVE DIRECTOR

DELHI

MS/3481

The Executive Director will head the secretariat of the organisation. He will interact closely with the industry members and co-ordinate with government agencies in providing information and formulating policies for the mini-steel industry. He will report to the Chairman of the Association.

Candidates should be technically oriented and should have the flair to work in an industry association. Senior government officials, who are due to retire shortly, may also apply.

DEPUTY SECRETARY

DELHI

MS/3482

The Deputy Secretary will assist the Executive Director and be primarily responsible for administration, information storage and retrieval as well as liaison with regional offices.

Candidates should possess a good understanding of the mini-steel industry and have at least 7 years experience in large reputed organisations. Preferred age: Around 35.

Apart from attractive salaries, both positions offer good perquisites for housing, conveyance and other benefits

Please apply in strict confidence giving full details within 7 days to:

A. F. Ferguson Associates
45, Dickenson Road
Bangalore-560 042.

(All applications should be marked with appropriate MS Reference).

Appointments

SESA GOA

needs

MANAGERS IN COMMERCIAL, ACCOUNTS AND CO. SECY. DEPTTS.

The Company, an associate of the IRI – Finsider Group of Italy is currently engaged in the business of mining and export of iron ore in Goa, but already implementing an ambitious programme of diversification into new businesses.

The successful candidates in the above functions will contribute to improving the profitability/functioning of their profit centres and work on internal audit/management information/secretarial assignments.

Applicants should be around 30 years old with a bright and consistent academic background, an appropriate accountancy/legal/co. secy. qualification and should be well-versed in the effective use of computers.

Minimum experience: 5 years in a commercial/accounts/secretarial function. Expertise in costing with membership of the Institute of Cost and Works Accountants of India would be preferred for one of the posts.

The positions are in the Company's Management cadre and carry an attractive remuneration package and excellent growth prospects based on performance.

Applications giving full details of age, qualification, experience, salary drawn and expected, etc. must reach within 10 days of this advertisement:

The General Manager-Personnel,
Sesa Goa Limited,
Altinho, Panjim, GOA-403 001.

Crompton Greaves LIMITED

require
High talent Personnel in Process Instrumentation and Control Systems.

The Company, continuing its diversification into Electronics, proposes a joint venture with collaborators of world repute, well established in India, for manufacture of PROCESS INSTRUMENTATION AND CONTROL SYSTEMS. Manufacturing activities will commence after necessary clearances. Plans are under way, however, to commence activities in the areas of Marketing, Product Promotion and Customer Engineering. We are looking for suitable personnel in the areas of Manufacturing, Marketing and Customer Support.

Outstanding candidates would be considered for immediate training with collaborators, for periods ranging from three to six months. Placement will be in any part of India. Vacancies exist at various levels, including the senior most. These positions offer challenge, excitement and growth for ambitious and talented persons.

Applicants should be graduates, postgraduates in Electronics/Instrumentation, with experience in the above-mentioned areas and/or Micro Processor Based Systems.

Interested persons may write to us within 10 days, giving complete bio-data and superscribing the envelope with the Code 'Process Control', to:

THE GENERAL MANAGER–PERSONNEL
CROMPTON GREAVES LIMITED
1, DR. V.B. GANDHI MARG
BOMBAY 400 023.

TATA EXPORTS

requires

top-notch Consultants/ Technologists

The Company is India's largest private-sector Trading House with an annual turnover exceeding Rs. 180 crores. The Company's diversified business portfolio includes manufacturing, trading, project management and promotion of overseas ventures. The Company receives regularly from its overseas clients requests for project-related services like feasibility reports, project reports, and project implementation services.

To support its growth plans of project-related business, the Company proposes to have a panel of experts who will assist in compilation of feasibility studies and project reports for the following areas:

- Agriculture and Agricultural Produce Processing
- Fisheries and Marine Products
- Power, Transmission and Distribution
- Transport and Vehicle Maintenance/Servicing
- Basic Industries like Steel, Cement, Consumer Durables, Chemicals, Pharmaceuticals and Drugs & Foods.

In addition, Overseas Management Contracts is one of the Company's important business lines and the Company needs experts with extensive manufacturing experience and project implementation/operation management experience in the following sectors:

- Cement Plants
- Sugar Plants
- Chemical Plants
- Fertiliser Plants
- Power Plants
- Steel Plants including Rolling Mills
- Water/Sewage Treatment and Pumping Stations
- Marine Products
- Consumer Durables.

The incumbent should have a proven track record of professional accomplishments in the area of expertise. The terms of retainership will be decided on individual basis by mutual agreement which will be commensurate with the expert's background and experience and the nature and length of the specific assignment.

Experts wishing to be considered for engagement as retainers for various specific assignments, are invited to send their bio-data in strict confidence within 15 days to:

The Corporate Personnel Manager
Tata Exports Limited
'A' Block, Shivsagar Estates, Dr. Annie Besant Road,
Worli, BOMBAY 400 018.

everest/87/TE/338

REQUIRED TECHNICAL CONSULTANT FOR A PROJECT

For Drawing, Hardening and Tempering of fine steel wires dia 0.25 – 0.75 mm. Should be an expert in the field with min. 10 – 15 yrs. experience. Experience abroad desirable.

His brief covers technical assistance, identification and selection of technology, equipment etc., Should take complete responsibility for planning and implementation.

Please Correspond to
Box No. AA/245/LL/2, **Business India** Flat No 5-B, J P. Tower,
5th Floor, 7/2 Nungambakkam
High Road, Madras-600 034.

giving detailed resume on experience in similar projects, list of clients, terms of appointment, scope of work etc., Compensation negotiable.

Appointments

PRESIDENT

Metropolitan City

Terms Excellent

An Engineering Company involving high technology with foreign collaboration having an annual turnover of Rs.10-12 crores needs a President to take complete charge of the management of the company. The Company is a unit of a prestigious diverse industrial group well known for their progressive outlook and professional management.

The company is presently facing manufacturing and marketing constraints and the President would primarily be responsible for bringing about a turn-around of the company's performance. He should be very dynamic, innovative, hardworking, and having a very strong business sense and an obsession with result achievement. The job is very exiting for those who can meet challenges. Excellent opportunities exist for getting into bigger units of the group based on performance.

Ideally the incumbent would be an Engineer-MBA with strong marketing bias and ability to lead a team of Managers. He should have a high energy level and be about 40 years age. Salary would not be a constraint for the right candidate, and will be commensurate with the position.

Please apply with detailed bio-data within 2 weeks to :

Box No: AA/245/LA/4, **Business India,** Wadia Building
17/19 Dalal Street, Bombay-400 001.

PROFAD / 576 / 87

Tata Housing
Development Co. Ltd.

needs a

FINANCIAL CONTROLLER

Tata Housing Development Company Limited engaged in real estate development having completed 200 residential flats and an office building is planning substantial expansion of its activities. It requires a Financial Controller reporting to the Chief Executive.

The Financial Controller will be responsible for the entire financial operations including working capital management, banking, taxation, devising innovative schemes for short term funding, financial accounting and control, budgeting, MIS, etc.

The candidate should have conceptual skills of a very high order in analysing financial performance of different projects based on diverse criteria. A qualified Chartered Accountant with professional experience of 5 to 10 years in a senior capacity covering financial functions would be most suitable.

As a member of the senior management team, the selected candidate will be expected to play a major role in the formulation and implementation of the company's future plans.

This is a Bombay based assignment and offers to the right candidate a compensation of Rs. 90,000/- per annum plus generous perquisites.

Applications with complete details in a cover marked confidential should be addressed to

Mr. F.A. Poncha, Director
Tata Housing Development Co. Ltd.
D-20 Dhanraj Mahal, 2nd Floor
Ch. Shivaji Marg, Apollo Bunder
Bombay 400 039

ABC's major specialisations include Corporate Consultancy

Systems & Procedure • SWOT Analysis • Business Negotiations

Project Reports • Operations Research • Industrial Engineering

We have been retained by an Industrial Group having annual turnover about Rs 50 Crores to select the following Top Management Personnel for their Vanaspati Division in a Premier City in U.P.

CHIEF EXECUTIVE

Excellent salary + Furnished Flat + Car

will have techno-commercial responsibility for the Division on a Profit Centre Basis, which has the current annual turnover of around Rs 15 Crores. He is required to have significant experience and skills in finance & accounts, commercial functions and general administration. Age Group 35-45, Code CE/CAL/2337.

GENERAL MANAGER — WORKS

Excellent salary + Furnished Flat + Car

For Works Management in all facets, including Production, Maintenance, IR etc. He will be required to achieve production & productivity targets with specified quality & cost parameters. Age Group 30-40. Code GMW/CAL/2338.

Please apply in strict confidence and mark the envelope & enclosures with respective job title & code.

(Personnel Selection Division)
ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019, Phones : 47 3688 (5 Lines)

Data Processing • Organised Cost Reduction • Materials Management

---

ABC's major specialisations include Corporate Consultancy • SWOT Analysis • MIS

Data Processing • Computer Feasibility • Project Reports

Operations Research • Industrial Engineering

GENERAL MANAGER

PERSONNEL

SOUTH INDIA **EXCELLENT TERMS**

Our client, a well established multi-unit and multiproduct Industrial Group, is on the lookout for a high powered Personnel Management professional with a strong Industrial Relations background to take total charge of the function in two of its manufacturing companies with a total strength of around 1000 employees and a turnover of Rs.30 crores.

Responsibilities will include manpower planning, recruitment, HRD, industrial relations, liaison with Government, etc. Emphasis will be on maintaining harmonious labour relations environment for increased productivity.

Candidates should be Post-Graduates in Personnel Management & Industrial Relations preferably having law qualification with 15-20 years relevant experience. They should have a proven track record in handling Industrial Relations & Personnel functions at senior levels in manufacturing organisations of repute. Knowledge of Malayalam/Tamil essential. Age Group : 40-45. Code : GMP/MDS/1402.

The compensation package will be attractive and will not be a limiting factor for the right candidate. Company accommodation will be provided.

Apply with detailed bio-data within ten days indicating contact telephone numbers and marking envelope & application with job title & code. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division
ABC CONSULTANTS PRIVATE LIMITED
4, Jagannathan Street, Madras 600 034. Phone : 470778

Organised Cost Reduction • Materials Management • Systems & Procedures

Appointments

GENERAL MANAGER - MATERIALS MANAGEMENT

We are manufacturers of the nationally famous "USHA" sewing machines, fans, fuel injection equipment, laminations etc., with a turnover exceeding Rs.100 crores.

We are restructuring our top management and are looking for a "General Manager — Materials Management", to be based at Delhi.

The General Manager will have integrated responsibility for the management of the company's 20 national warehouses of the various products marketed by the company, and spread all over the country.

The work covers coordinating indents from many sources, supplies from about 10 factories, making supplies to the national warehouses, commercial bulk buyers, various government agencies, CSD etc. The responsibility also covers annual transportation contracts/daily transport, maintenance of accounts, management information etc.

Knowledge of sales tax and modvat laws is very desirable. Knowledge of modern computerised management and storage system would be helpful.

Applicant should have about 7 years management experience in a senior materials position in a large scale organisation; and should possess business/financial/administrative capability.

The position reports to Executive Director and offers an opportunity for vertical growth.

The salary will be over Rs.6,000/- p.m. Additionally facility of conveyance, housing, medical support, gratuity, contributory provident fund are available.

Please apply within 10 days with complete bio-data in an envelope marked P-87/19 to: The Jay Engineering Works Ltd., Post Box No.692, New Delhi-110 001.

JAY ENGINEERING
A SHRIRAM enterprise

MANAGER — HRD

HYDERABAD **Excellent Terms**

A leading, professionally managed Industrial Group with diverse activities needs a Manager-Human Resource Development for its Rs. 635 crore fertiliser company.

The incumbent would report to the Vice President (Personnel) and assume total responsibility for the HRD activities of the company. This would involve formulation of related policies and their implementation. His focus would be on managerial development through systems for manpower and career planning, performance appraisal and the identification of individual developmental needs. A high level of inter-personal and communication skills together with a mature outlook is required to deal with managers at all levels.

Candidates should be post graduates in management with about 10 years experience in Personnel/ HRD in organisations with a strong bias towards developing its people. Qualifications/ exposure to OD would be an advantage.

Preferred age is around 35 years.

An attractive compensation package is offered and will not be a constraint for the right candidate.

Applications will be treated in strict confidence. Please apply with detailed resume within 15 days to:

Managing Director
Apex Management Consulting Group (P) Ltd
C-1 Rams Square, 2 Village Road, Madras-600 034

amcon

Appointments

T. A. PAI MANAGEMENT INSTITUTE

MARKETING MANAGER

Industrial Credit and Development Syndicate Limited, successors to Syndicate Bank Limited, is one of India's fastest growing hire purchase companies. Promoted by the dynamic Pais of Manipal, the Company has an impressive record of performance with a commitment to growth.

Credit Syndicate is poised for major expansion, and is on the lookout for a Marketing Manager with ability to aggressively promote hire purchase and leasing activities and deposit mobilisation. Applicants should be dedicated, result-oriented and with a proven track record.

Age: 35 to 40 years.

Attractive remuneration and perks.

Apply within 10 days to:

The Director
T.A. Pai Management Institute
MANIPAL 576 119

Parade/TAP/8706

MAX

MAX INDIA LIMITED is a professionally managed company promoted by Ranbaxy Laboratories Limited. It is a leader in the manufacture and marketing of drug intermediates and chemicals.

As a part of its growth and diversification plans, the company has been looking into many new business opportunities. One project in the area of speciality chemicals and other one in the area of plastic packaging has already been identified. For the planning, coordination and execution work related to these and other new projects, the company requires the following personnel in its Business Planning Department.

MANAGER—NEW PROJECTS

Delhi

The incumbent will report to the Head of Business Planning. Apart from assisting in appraising new business opportunities, he will also be responsible for planning and coordination work for the projects already identified. The candidate should have the flexibility to get involved in actual implementation of project and to move into one of the line functions.

Candidates should be chemical or mechanical engineers, preferably with MBA degree. Minimum experience required is 8 years of which atleast 4 years should be in project planning and coordination in a medium or large organisation.

ASSISTANT/DEPUTY MANAGER—NEW PROJECTS

- Delhi

The incumbent will report to the Manager—New Projects and assist in project identification and planning work. The job would involve sifting new ideas, conducting pre-reasibility and feasibility studies and monitoring project progress.

The job would also offer opportunity to get involved in actual implementation of project and to move into one of the line functions.

Candidates should have Engineering degree from a reputed college. MBA will be an added qualification. Relevant experience of 4 to 7 years for Engineers and 2 to 5 years for Engineer-MBAs would be necessary.

The above positions offer excellent opportunities for growth. Salary will not be a limiting factor for the right candidates.

Please apply, giving full details in strict confidence within 10 days to:

MAX INDIA LIMITED
72 NEHRU PLACE,NEW DELHI 110 019

asian

EXECUTIVE ASSISTANTS

to the **Managing Director** and **Chief Executive**

Required for a fast-growing, reputed **industrial group of Companies** which has several new projects (with foreign collaboration) under implementation, Graduates in Industrial/Mechanical Engineering, preferably from I.I.T., holding Post-Graduate Management qualification and 4-5 years of relevant work experience.

Ambitious, achievement-oriented candidates, possessing leadership qualities and managerial aptitude would be selected.

Very **attractive salary and benefits** and **excellent career prospects** offered to the right candidates.

Apply within 10 days to :-

Box No. AA/245/FW/3. **Business India**, Wadia Building. 17/19 Dalal Street.
Bombay-400 001.

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asian paints
(INDIA) LIMITED.

NEEDS

PERSONNEL EXECUTIVES

Arising out of the substantial growth we have been achieving year after year, our requirement of top drawer executive and managerial talent has been increasing. We are currently looking for Personnel Executives to support the Unit Personnel Departments of our paint plants located in Bombay and Ankleshwar in Gujarat.

The job will have a strong behavioural (HRD) bias, in that, it would involve conceptualising, evolving and implementing programmes such as supervisory and staff development, job redesign and enrichment, enhancing quality of work life, continuing education for blue collared employees and employee counselling. It is expected that these programmes would be suitably synthesised and integrated with the more conventional personnel administration and welfare activities, for which also the incumbent would be responsible. This position is overseen by the Departmental Head in charge of personnel at the plant.

Candidates suitable for consideration would be graduates from the IIMs, XLRI and TISS, who have specialised in Personnel Management and possess two or three years relevant experience. Though knowledge of Hindi is a must, fluency in the local language would be a distinct advantage.

The compensation package offered for this position is competitive, and includes company accomodation in Ankleshwar. Our work environment which is both, stimulating and supportive, also provides for considerable autonomy in functioning and opportunities for growth and advancement. Career prospects for the incumbent could be either in taking charge of the Unit Personnel Department or functioning in a broader role in HRD with the Corporate Personnel Function.

If you wish to be considered for this position, please apply within ten days giving full personal, academic and work experience particulars, including your present salary, along with a passport size photograph to:

PERSONNEL MANAGER

ASIAN PAINTS (INDIA) LIMITED
L.B.S. MARG, BHANDUP
BOMBAY 400 078.

Please superscribe the name of the post applied for on the envelope.

Canco/AP/2/87

A carrier's carrier

In April this year, **T. H. Chowdary (56)** *took over as managing director of Videsh Sanchar Nigam Ltd (VSN), formerly known as the Overseas Communication Service. Prior to his joining VSN, he was deputy director general in the Department of Telecommunications. Having worked with the communication services in India for about 34 years, he was recently elected Distinguished Fellow of the Institution of Electronics and Telecommunication Engineers of which he is vice-president.*

R. N. Bhaskar of Business India *met Chowdary soon after he became managing director of VSN, at his office in Bombay.*

While in 1985-86, VSN's total revenue was Rs 151 crores, it went up to Rs 184 crores in 1986-87. During the current year, we expect the figure to be around Rs 218 crores. What is important is that this growth has come about essentially through increase in volume of business, not through hiked tariffs. In terms of circuits too we've grown well

How big is VSN in terms of revenue and operations?

We've been growing at the rate of 20 per cent or so a year. While in 1985-86, our total revenue was Rs 151 crores, it went up to Rs 184 crores in 1986-87. During the current year, we expect the figure to be around Rs 218 crores. What is important is that this growth has come about essentially through increase in volume of business, not through hiked tariffs. In terms of circuits too we've grown from 1,000 international circuits a year ago to 1,193 at present.

What kind of communication network do you have?

We started using satellites since 1971, catering to traffic coming through Bombay and Delhi. Moreover, we have an under ocean cable between Madras and Penang in Malaysia, which was set up in 1981-82. We're also going in for another cable between Bombay and the UAE which should be operational by September this year. This should give us around 1,003 additional circuits. Now, in order to cope with the increasing volume of business, we plan adding one more telecom gateway in Calcutta at a cost of Rs 16-20 crores.

How do you evaluate VSN?

As a small organisation, engineering oriented and professionally staffed. As we deal with international communication, we have to interact with some of the world's leading countries. So our plans and our systems have to be as good as the rest of the world before we can talk to them. They have to be technology oriented, modern and versatile. This has, in turn, kept us abreast of technology in a manner few organisations have been able to.

As for being professionally staffed, I must explain that we are essentially a carrier's carrier. We interact with trunk exchanges which in turn deal with local exchanges. We don't interface with people. Consequently, in the absence of lobbying we could remain professionally staffed.

You talk of being engineering oriented. Then why is it that while it is easy to get Indian cities from overseas, the same is not true of overseas calls from Indian cities?

One reason is that we still do not have direct dialling facilities everywhere. In fact, even from major cities, we have direct dialling to only 23 countries, although this should go up by another 100 within the next 12 months.

Again you must remember that out of 100 calls entering VSN's international communication gateways, around 70 per cent are successful in reaching their destinations. This compares very favourably with the 72-76 per cent in the case of the most devloped countries in the world. The problem with calls originating from Indian cities is that most of them get blocked at the local or the trunk exchange levels. Consequently, only 40 per cent or these calls are successful, while in the case of relatively remote towns it may be as low as 28 per cent. This means that unless the local networks are improved, there is little that VSN can do.

Is there any way of helping out those who make overseas calls in a big way?

Yes, that is possibile. This is because 60 per cent of all international calls are made from Bombay. Delhi accounts for 20-25 per cent of calls made overseas, the rest comes from all over the country.

Even in Bombay, our studies show that two per cent, or 8,000 of all Bombay's telephone subscribers are responsible for most of the calls made overseas. We could technically help these people to bypass local and trunk exchanges by putting a digital microwave link between the subscribers' EPABX and the VSN, as is done in the US. For this facility the subcriber could be asked to pay a bit more. But for doing all this existing rules will have to change.

What about services like Bureaufax for the business community?

We have already introduced this service to 20 countries. Unfortunately, it is available only from the four offices VSN has. There are, however, scores of other places which need Bureaufax. But in order to facilitate the extension of this service, the existing rules will have to change.

To aid the business community we have also begun leasing out circuits. Last year, we had leased 26 (voice grade) circuits from which we earned Rs 5.8 crores. This year we hope to increase such leased circuits to 33 from which we expect to earn Rs 6.8 crores. In fact we can also provide services for international teleconferences. But here too, these can be availed of from VSN's offices only.

You mentioned earlier that you are a carrier's carrier. How much do you earn through playing this role?

For every minute of international speech irrespective of country, VSN gets Rs 8.50, out of which we pay foreign networks for using their services. For telex and other services, the rates vary.

And is it profitable?

Our operating costs work out to less than 2 per cent of our revenues. And last year we paid Rs 54 crores to the government by way of taxes. That should answer your question.

Another record year at Shalimar Paints

Condensed Chairman's Speech at the Annual General Meeting on 19th June 1987 at Calcutta

Ladies and Gentlemen,

I am sure that you are pleased with the performance of your Company in the year 1986. It has been possible for the Company to increase its turnover from Rs.43.83 crores in 1985 to Rs.47.62 crores in 1986 and the profit before tax from Rs.1.71 crores to Rs.2.01 crores, i.e. by 17%. Both the turnover and profit are the highest ever achieved by the Company.

Your Directors have pleasure in recommending, for your approval, a higher dividend of Rs.1.75 per share as against Rs.1.50 per share for the preceding year. The overall improvement in the Company's operations has been achieved through a positive co-operation between the management and the workmen. Long term agreements have been satisfactorily concluded with all categories of employees. There is a marked improvement in the work culture and a clear evidence of employees' dedication towards consumer satisfaction through improved productivity, quality and service. The net return after tax on shareholders' funds has improved from 18.5% in 1985 to 21.1% in 1986 and earnings per share have increased from Rs.3.99 to Rs.5.36.

The Research & Development wing of the Company has been further strengthened with the induction of fresh talent and the installation of advanced equipment, including a colour computer. Our marketing activities have also been further strengthened to provide consumer service.

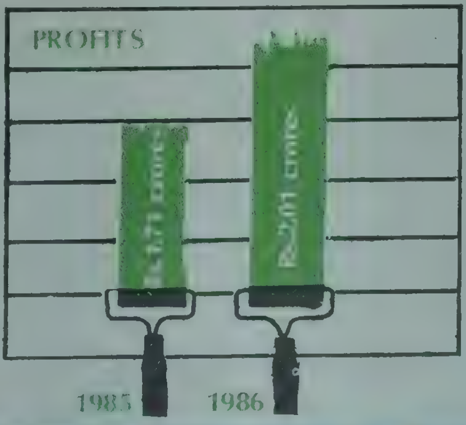
The new products recently introduced, especially anti-corrosive products, have not only sharpened the Company's competitive edge but also demonstrated the Company's commitment to fight corrosion — a national problem. Today Shalimar Paints offer the most comprehensive range of protective coatings in the country. Of course, a highly visible part of your Company's product range is in the decorative sector. For consumer satisfaction, we make available a variety of products for a wide spectrum of applications. These are spearheaded by our flagship brands of Superlac Emulsion and Superlac Enamel. Our products contribute to the beautification drive throughout India for improving the quality of life for the public.

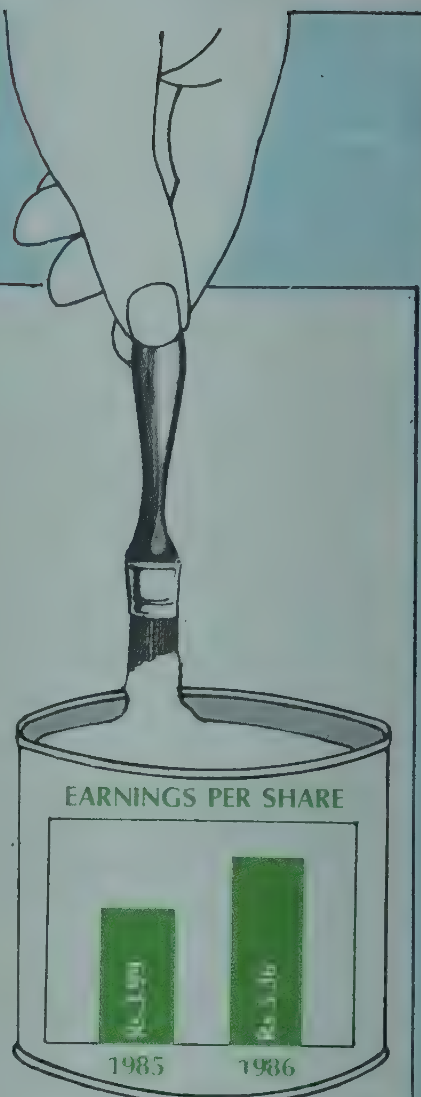
The rapid strides made by the Company on various fronts, particularly in the area of growth and profitability, have been recognised not only in India but also on the Asian scene. Your Company was awarded the VII International Asia Award in February 1987 for the significant progress made over the entire spectrum of its activities.

Meanwhile, your Company is poised for further expansion not only in the plant at Howrah in West Bengal but at another location to be selected close to the source of vital raw materials and the major markets.

In the operations of your Company, we enjoy the full benefit of our enduring links with International Paint plc, UK. I take this opportunity of expressing our appreciation and thanks for their continuing deep interest and support.

Dr. P.K. Bhandari, whole-time Director of the Company, retired from the services of the Company on 31st December 1986, after a very long and distinguished service. I wish to place on record our sincere appreciation of the services rendered by him.





The overall improvement in the performance of the Company, the sound foundation, the productivity, quality and service, the close co-operation between the management and the workmen and their high morale could not have been possible but for the dynamic leadership of Mr. Vinod Krishna, the Managing Director of your Company. He has turned the Company round to its rightful place in the paint industry. I am sure that the shareholders would like to join me in complimenting him on the excellent job done over the last three years since he took over the reins of your Company. I feel sure that the management is fully geared to take the Company to greater heights.

Before concluding, I would also like to convey my thanks to all the employees of the Company at various levels who contributed to the Company's achievements in 1986. May I also express my sincere thanks to my colleagues on the Board for their support and guidance.

M.M. SABHARWAL

Note : *This does not purport to be a record of the proceedings of the Annual General Meeting.*

Shalimar Paints

PRESSMAN

RN 35850/78

REG. No. MH –
SOUTH

Kawasaki-Bajaj KB 100.
You can also ride it to the clu

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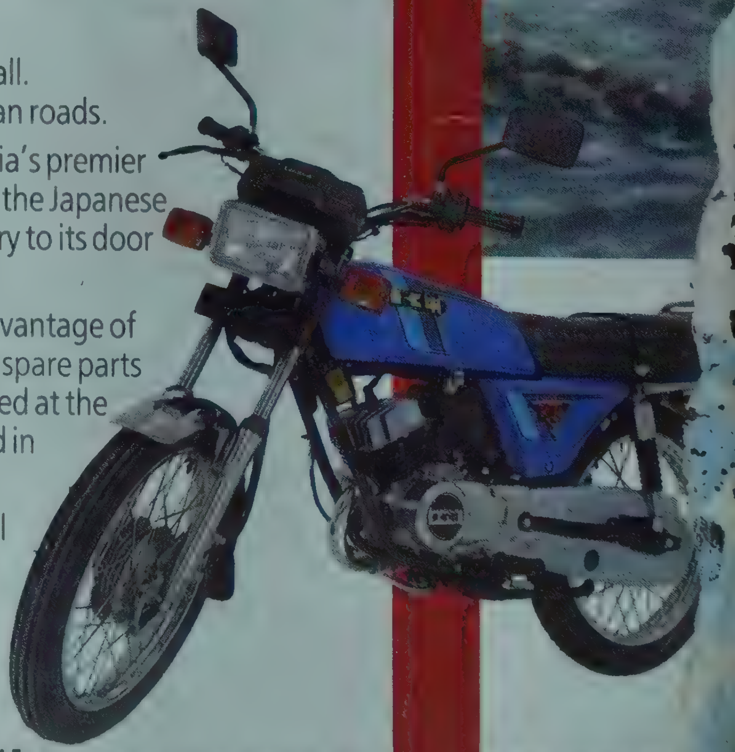
Value for mo
for years

Kawasaki-Bajaj KB 100.
The toughest, raciest, safest motorcycle of them all.
Japanese technology effectively adapted for Indian roads.

The KB 100 is brought to you by Bajaj, India's premier two and three-wheeler company, and Kawasaki, the Japanese high technology giant. Kawasaki has nailed history to its door by making the fastest motorcycle in the world.

The KB 100 comes with the celebrated advantage of Bajaj's countrywide network of sales, service and spare parts dealers. At each centre, mechanics specially trained at the factory ensure that your motorcycle is maintained in prime condition.

Ride the Kawasaki-Bajaj KB 100 and you'll appreciate why you just can't beat a Bajaj.



bajaj group

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Engineered to take more than you can give it.

Kawasaki-

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August 10 to 23, 1987

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SAIL

WILL IT SUCCEED?

Peico **Tractor Industry** **CEL**

Rafeeq Ellias & Associates

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Ektachrome
35 mm Film
for Color Slides
DX

To discover the most vital ingredient on this page, you would need a large magnifying glass.

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Like we could add a sunset to a landscape. Or substract a telegraph pole. Or combine several pictures and multiply their impact. And more.

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Our recipe is simple. Take equal parts of imagination and creativity. Add Jasras and watch your ideas reach out and touch people.

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*yellow, cyan, magenta and black

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Because we care for ours.

JASRAS

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17 AUG 1987
C.F.T.R.I. MYSORE

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letter from the publisher

Our basic steel industry, now largely under the umbrella of the Steel Authority of India (SAIL) is one of the most tragic examples of all the failures of our development plans. Our steel plants, which should have been, in Nehru's vision, modern temples in independent India, are almost text book examples of the weeknesses of the public sector. Everything that could possibly have gone wrong has in fact gone wrong.

As is well known our steel plants are outdated, inefficient and overmanned. Inspite of almost endless resources being poured in over the years the steel plants are technologically backward. They consume inordinate supplies of energy. And over the years an extremely large work force has been accumulated which is subject to very little discipline. In theory the public sector was supposed to obviate all these ills. But today the planners despair whether these plants can ever produce steel at competitive prices. With steel being a basic industry, the problem gets transmitted to all industries using steel. The cost ofcourse is passed on to our poor society.

It is not even necessary to get into a public sector versus private sector debate. It is simply necessary to take sensible and common sense decisions. A mere repetition of the problems should be sufficient to indicate what has gone wrong. In this time's cover story our deputy editor Subrata Roy visited the major plants and outlines the problems that beset SAIL.

At least SAIL is now fortunate to have V. Krishnamurthy as its chairman. Krishnamurthy is a very dedicated public sector man with an enviable track record of success, particularly at Maruti and at BHEL. But given the handicaps that any public sector chief has to work under how much can one person really do? He is responsible to parliament, to audit, and on a day to day basis to government. Yet rarely do public sector chiefs have the full backing of government.

The key ingredient to making a fresh beginning is political leadership with a vision. There is no question that some very very hard decisions will have to be taken. A surgeon's knife will have to be used extensively to cut away the cancerous portions. Issues of capital write offs and retrenchment of large numbers of workers must be examined dispassionately. There are no soft options. In India we have abundant supplies of iron ore, coal and manganese which go into making steel. We also have a highly skilled engineering and technical workforce. Historically we produced the fines steel in the world. There is no reason why our steel industry should not be a world leader again.

This is the real challenge that we must live up to.

Ashok H. Advani

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9 JUL 87
BOMBAY

letters to the editor

Reviving the capital markets

This is with reference to your cover feature on the stockmarkets ('The great bear hug', 29 June).

At the outset, I would like to state that Farouk Irani's suggestion that "shares that are quoted at a discount and are unsaleable should be supported by financial institutions" is not practical, as this will amount to passing the onus of dismal performance by a company to the financial institutions. In fact, the company itself should be forced to bear the brunt of its dismal performance through a series of measures overseen by government agencies.

Financial institutions like the UTI have their own responsibility to their investors and they must manage their portfolio investments efficiently. If the capital market has to be brought out of the rut in which it has fallen in recent months, I suggest some radical measures.

The first and foremost is that the companies entering the capital market should be compelled to offer investors the option to sell back their shares to the company at par. Thus, if the company concerned does not come up to the expectations of its investors, the latter can liquidate their investments.

Alternatively, a statutory obligation can be imposed on companies entering the capital market to declare some arbitrarily fixed bare minimum dividend (say 10 per cent) during the first five years of its working. Such steps will ensure that the companies discharge their responsibility to their shareholders by way of giving them some bare minimum return on their investments rather than enjoying the investors' money practically free of interest for a number of years.

The UTI has paved the way for the new companies entering the capital market by declaring a maiden dividend of eight per cent in the very first year of the inception of its mutual fund. Now it is for the other companies to follow suit and thereby win the investors' confidence.

Another step which the government can take is to allow a separate exemption limit of Rs 3,000 or more on dividend income under section 80L. In the present scheme of things, the small investor has literally no incentive to risk his hard-earned savings when he enters the capital market other than the 80CC exemption allowed on the approved new issues.

Ajit Singhal
Modinagar

• Stockmarkets are such a vast subject that despite an exhaustive diagnosis of the malaise from which they suffer (29 June), a few points noted below perhaps escaped your notice.

You very rightly stressed the need to create a securities commission on the US pattern. However, for this body to become meaningful and powerful, and to develop into a truly autonomous organisation, it is essential that it should be totally free from Delhi's bureaucratic interference.

Governing bodies of the stock exchanges must also be encouraged to acquire more prestige in the eyes of the public. It is pathetic to see stock exchange presidents frequently rushing to Delhi like office boys being urgently summoned, thus compromising the dignity of their post.

Institutions must receive broad guidelines and then left to work out their strategy. Their principal aim should be the interest of their client investors. But can they really exercise their independent judgement in the prevailing atmosphere?

Investors expect financial probity and high professional standards from the corporate sector. There is a breed of promoters whose prime motivation is playing on investor gullibility. The norms of project approvals and capital issue permissions should be further tightened and strengthened.

Let there be compulsory credit rating. When another boom period arrives, let the earlier follies not be repeated. Let the infrastructure and screening machinery be built on surer foundations within the available time frame.

S. S. Kabra
Varanasi

• Your cover feature has discussed the disastrous downslide of the stockmarkets. So many people nowadays talk about graphs and gaps, but all those are for the market where rules are followed and investors really think in terms of companies, balance sheets, etc, while investing. You have informed us that in foreign countries, speculation in forward markets is not allowed. Here, the whole market is based on speculation. In this country, illegality has become the rule, while legality is the rare exception.

Amritlal Bajaj speaks the truth when he says that today's market is too speculative and has called for a ban on shortselling. I myself cannot understand how shortselling is allowed. Unless scrips are available, how are they sold? If just this rule is properly followed, there will be hardly any default.

D. G. Kale
Bombay

• The stockmarkets are going through a crisis which we small investors never dreamt would happen.

The youngsters who thought that their money would appreciate in a short period by investing in shares are now feeling the pinch. Their hard earned money is giving no returns, as the capital markets are in the doldrums.

No doubt "competition creates quality", but too much competition through new issues might get our economy in deep trouble. Till recently, many bogus companies got clearance from the Controller of Capital Issues (CCI). The CCI has now thought of bringing in some strict regulations and norms for the new issues. Were the authorities sleeping earlier?

Nitin B. Hoskote
Bombay

No hunting

We were surprised to read the report titled "The Quiet Hunter" Listening Post (27 July). You have reported that some moves are afoot by the Taj Group of Hotels to buy Connemara Hotel belonging to our company. This is totally unfounded and baseless. We really wish you had ascertained the correctness of this information either from our company or from the Indian Hotels Company Limited.

V. Ramakrishnan
Director
Spencer International Hotels Ltd
Madras

• You have stated that "moves are now afoot to buy over Connemara Hotel to put it permanently in the Taj camp." This statement is incorrect.

The Connemara Hotel in Madras is being operated under licence by the Indian Hotels Company Limited and has been a part of the Taj group since the last three years. The company has no plan to buy it over.

Umaima Mulla-Feroze
Press officer
The Indian Hotels Company Ltd
Bombay

The error is regretted.—Ed.

On firm ground

We read with interest your recent feature on leasing companies ('Skating on thin ice', 29 June). I notice that the article carries the following observation:

"Flotations by two of the better known and established companies — Twentieth Century Finance Corporation Limited (TCF) and First Leasing Company of India Limited (FLCI) of equity linked non-convertible debentures and convertible debentures respectively in September 1986, were largely ignored by the public. It is reported that a substantial portion of the Rs 8 crore issue by TCF and Rs 5 crore

BOMBAY

letters to the editor

issue by First Leasing was taken by the Industrial Credit and Investment Corporation of India Limited (ICICI) and the Unit Trust of India (UTI)."

The foregoing statement is incorrect, in its application to First Leasing. ICICI's and UTI's contributions to the issue were of a rights nature; these organisations respectively hold equity capital and debentures in First Leasing. Their combined contribution on a preferential rights basis aggregated 16.5 per cent of our total collections for the convertible issue.

I don't think it would be correct to state that 16.5 per cent represents a substantial portion of a convertible debenture issue. Accordingly, the further observation that the issue was largely ignored by the public is also incorrect since 83.5 per cent was subscribed by the public.

I must add that public response was encouraging since we collected the issue amount of Rs 5 crores, plus the permitted excess of 25 per cent and yet had to complete refunds. We did, in fact, carry a press statement that mentioned the refund.

Farouk Irani
President
First Leasing Company of India Ltd
Madras

Operation Flood: an integrated approach

Sharad Joshi's article, 'Moment of Truth' (29 June) misleads more than enlightens the readers on Operation Flood and its objectives. The truth is that any agricultural develoment would require a combination of T (Technology), I (Infrastructure) and P (Price) and these are not 'independent' of each other as perceived by Joshi.

The 'Anand pattern', the basis of Operation Flood, is a total approach, the basic premise of which is that a producer must have access to the market. After all, the primary incentive for a producer is his ability to command an economic price in the market. Price being a function of demand and supply, it always weighs heavily on the side of market response than on cost of production. Milk production in India is a subsidiary occuption and it thrives primarily on idle labour and crop residues which have very low opportunity cost. A classic "cost of production" approach would only lead to a transition from existing complementarity to a situation of competition for resources between farming and dairying, and this is not desirable.

Operation Flood's approach to dairying is basic to common economic sense. While it focuses on marketing as a precondition to increased productivity, it makes no bones about adopting technologies that can strengthen the linkage between producers and consumers.

It is not at all proper to draw a parallel between food aid under PL-480 and Operation Flood. PL-480 was an import strictly to meet the temporary deficits in food grains mainly wheat. Unfortunately these were sold at a price far below that at which our farmers could produce; it therefore acted as a disincentive to wheat production.

Gifted commodities for Operation Flood, are canalised through the organisation charged with the responsibility of stimulating dairy activities in the country, and therefore priced so as to ensure that they do not compete with fresh liquid milk. Further, the generated funds are being used to develop an emerging dairy sector with the infusion of technology which is enabling the producers to optimally handle a commodity that is highly perishable.

The hypothesis that food aid can be a disincentive to domestic production does not hold good if we consider the growth in milk production, particularly in Maharashtra and elsewhere in the country. The author's contention that Maharashtra's milk is being thrown away on account of continuation of food aid only exemplifies the Maharashtra Dairy Development Department's unrealistic approach to milk pricing, a pricing policy which is chauvinistic and pays no heed to the market outside the state, thus creating a paradoxical situation of Maharashtra's milk glut and Delhi's deficit (due to drought in the neighbouring States). This also raises the issue whether the tax-payers' money should fund the annual government losses of Rs 70 crores or so that is spent on the plea that producers in Maharashtra are paid a high price for their milk

The *raison d'etre* for Operation Flood is not in addressing the issues piecemeal — food aid or otherwise, P, T or I, — but in its integrated approach to all-round dairy development with complete farmer participation and involvement.

P. C. Bardhan
Director (Planning)
National Dairy Development Board
Anand

Correction

In the article on fire hazards in high rise buildings (27 July, page 97) it was wrongly stated that the Delhi Fire Prevention and Safety Act 1986 gives powers to officers of the Delhi Development Authority to inspect buildings and give the necessary directions for fire safety. It is the chief fire officer who is so empowered. *—Editor*

MSPI

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Ad India/6

Pneumatic Material Handling A System Approach

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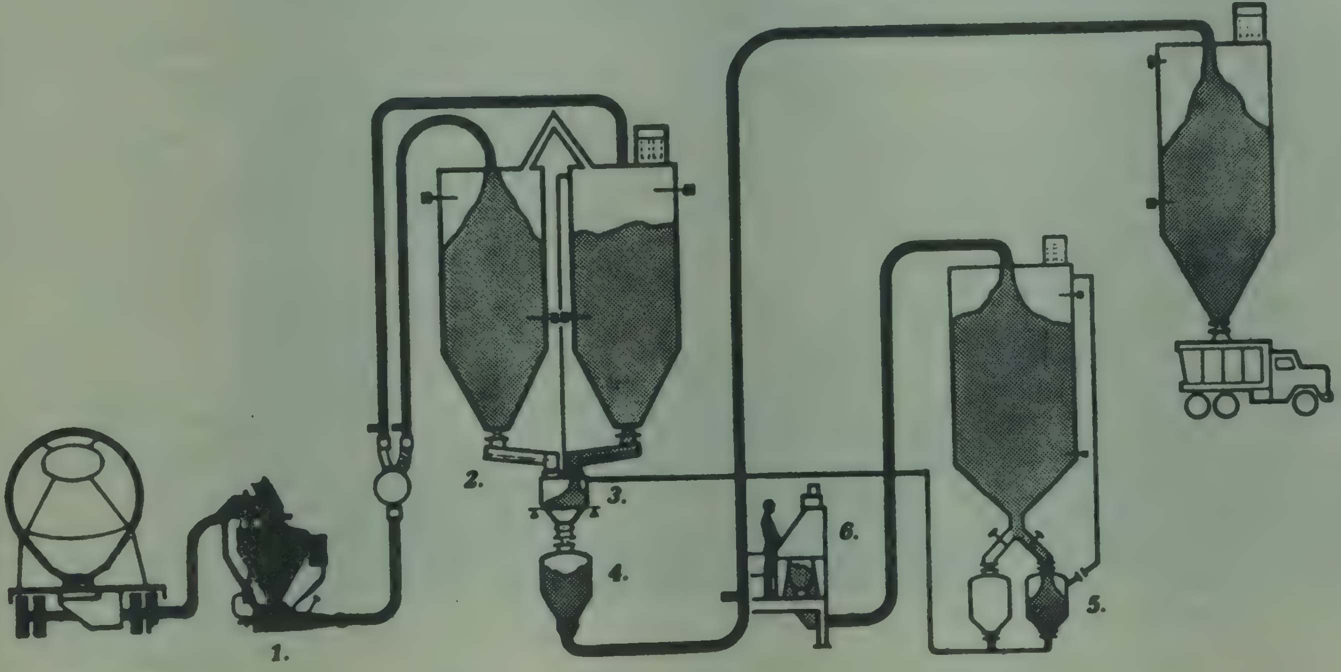

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For Your Information

From shoes to stretchers

Europ Assistance: Calm and patient operations

In 1958, Pierre Desnos had the idea of creating an assistance company based in Falk, West Germany, after hearing the misadventures of some friends of his who, after a car accident in Spain, had terrible problems getting back to France. He then approached insurance companies with his idea and the Concorde group of France took it up. And Europ Assistance was formed in 1963. The outcome was positive as, in 1985, with 1,000 staffers 200,000 assistance operations were organised.

According to a young manageress of the assistance department, each case is considered as a challenge. A team of 200 receives calls for help from all over the world 24 hours a day. About 17,000 out of 65,000 calls concern the medical service. And, in that case, it is a matter of finding the best practical solution quickly, in order to preserve the medical safety of the patient or injured person, right from the very first telephone contact, and to make sure that measures are carried out efficiently on the spot. The essential qualities of the aid assistants are calm and patience, but also a sense of initiative.

Europ Assistance's medical activity called for the creation of transportable material which could work independently. Thus, in the head office of Europ Assistance, in the medical supplies reserve, there are besides others transport kits containing cardiac monitoring equipment, transfusion pumps and incubators. With these, doctors can intervene in all circumstances. Europ Assistance is now seeking to develop medical analysis laboratory equipment which can be transportd by air.

This French assistance company also intervenes for all other kinds of 'accidents'.

On arriving in Greece for a hiking holiday, a policy holder realises he or she has left comfortable walking shoes behind. Another policy holder gets into New York, when he realises that he has left his suitcase keys on a chest of drawers in his bedroom at home. They just call Europ Assistance and things are sorted out.

News in France

Talent scouting

A total of 55,000 — which is almost half of all high school and college students in Slovenia, industrially the most advanced constituent of the Republic of Yugoslavia — are on scholarships from factories. This is how local industries seek to meet their need for qualified personnel.

Until recently, such stipends were awarded primarily to outstanding students. But now it is no longer essential to have good grades. Students with exceptional abilities in specific discipline are also eligible.

The factory scholarship scheme aims at identifying aptitudes in students in good time. The students are then developed and trained as replacements for veteran specialists.

Vijayan N., Cochin

If it's Tuesday you
must be vegetaria

Are you flying Indian Airlines o
Tuesday? Then you'll have to b
vegetarian on those days! Ind
Airlines has stopped serving n
vegetarian food on Tuesdays
cause it found that a large num
of passengers did not eat n
vegetarian food on Tuesdays.
times even those passengers w
had earlier indicated a n
vegetarian choice went vegetar
when they realised it was a Tu
day. This created complicati
as IA felt it could not provide
extra vegetarian dishes requi
on Tuesdays.

K. V. Rao, Mangalore

Largest switchboard

The world's biggest switchboa
is the one in the Pentago
Washington DC, with 25,0
lines and an annual phone bill
$8.7 million!

Ravi Goel, New Delhi

ID card please, M

In the past few months, Lev
House, Bombay, has introduc
new security measures. Em
loyees have to produce th
identification cards to get in a
visitors have to first get th
appointments verified by the
ceptionists and are then escort
to the person, they are calling o
The company apparently wants
ensure that competitors do n
have easy access to sensitive i
formation. That the securi
people take their assignme
pretty seriously is apparent fro
the following.

Chairman and managing d
rector A. S. Ganguly was onc
heading for his office when
was stopped in the lobby. "I wo
here" was not enough for the se
urity man. He insisted on t
chairman producing his ID ca
and called up his secretary
identify him. Lucky for him t
chairman is a professional who r
spects another.

'alue of a smile

ank Irving Fletcher, in one of his lvertisements for Oppenheim, ollins & Co gave us this bit of omely philosophy. According to m, a smile at Christmas has great alue:

It costs nothing, but creates uch;

It enriches those who receive, ithout impoverishing those who ive;

It happens in a flash and the emory of it often lasts forever;

None are so rich that they can et along without it, and none so oor but are richer for its benefits;

It creates happiness in the ome, fosters goodwill in a busiess, and is the counter sign of riends;

- It is rest to the weary, daylight to he discouraged, sunshine to the ad, and nature's best antidote for rouble;
- Yet it cannot be bought, begged, orrowed, or stolen, for it is somehing that is no earthly good to anybody till it is given away!
- And if in the last minute rush of Christmas buying some of our salespeople should be too tired to give you a smile, may we ask you to leave one of yours?
- For nobody needs a smile so much as those who have none left to give!

Vijayan N, Cochin

BusinessIndia

Business India invites readers to send original contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contribution.

Employee relations

The director of a Chinese bank has set down these rules for his employees:

- Don't lie. It wastes my time and yours. I am sure to catch you in the end;
- Watch your work and not the clock. A long day's work makes a long day short and a short day's work makes my face long;
- Give me more than I expect and I will pay you more than you expect. I can afford to increase your salary if you can increase my profits;
- Keep out of debt. You owe so much to yourself that you cannot afford to owe anybody else;
- Dishonesty is never an accident;
- Mind your own business and in time you will have a business of your own to mind;
- Don't do anything here that hurts your self-respect. The employee who is capable of stealing for me is capable of stealing from me.

Gurbir Singh, Chandigarh

Bookworms beware

In libraries and bookshops selling old books and journals, dust and significant amounts of harmful micro-organisms not only depreciate the value of these volumes but are also a source of disease.

Three scientists from the National Board of Occupational Safety and Health, Sweden, reported the case of a lady who had ten recurrent attacks of coughing, fever, chills and nausea extending over a span of one year. The symptoms always occurred at the end of a working day; they did not occur during holidays and even disappeared after a two or three days stay at home. The patient used to work in an underground, poorly ventilated room in a museum where old dusty books were stored. An analysis of the air by filter collection showed that she was exposed to immense amounts of the fungi aspergillus versicolor and penicillium verrucosum.

Calling all skeptical inquirers

The Committee for the Scientific Investigation of Claims of the Paranormal (CSICOP is a non-profit, scientific and educational organisation. It was started in May 1976 to investigate the paranormal and fringe-science claims from a responsible, scientific point of view and to disseminate factual information about the results of such inquiries to the scientific community and the public. The committee maintains a network of people interested in critically examining claims of the paranormal; it prepares bibliographies of published materials that carefully examine such claims; encourages and commissions research by objective and impartial inquirers in areas where it is needed; convenes conferences and meetings; and publishes articles, monographs and books that examine claims of the paranormal. It publishes a quarterly journal called the *Skeptical Inquirer.* CSICOP is a worldwide body with 40 branches in different parts of the world.

Mark Plummer, executive director of CSICOP, was recently in Bombav to launch the Indian CSICOP, to be headed by B. Premanand, a close associate of late Dr Abraham Kovoor. Premanand himself has exposed numerous self-styled Godmen and psychics in India. The Indian CSICOP propose to bring out an Indian edition of the *Skeptical Inquirer* from early next year.

The list of fellows of CSICOP include: Carl Sagan, Stephen Jay Gould, Barry F. Skinner, Francis Crick, Murray Gellman (both Nobel Prize winners), besides science writers like Isaac Asimov, Martin Gardner, and others. CSICOP is headed by Paul Kurts, professor of philosophy at the State University of New York. For more information write to: B. Premanand, Convenor, Indian CSICOP, Mettur Bungalow, Poddanur 641023, Tamil Nadu.

N. Srinivasan, Bombay

Recipe for a copywriter

While going through some very old issues of the magazine *Ad Weekly* of England, I saw the following advertisement:

"Take a young man. Add 4 to 5 years' experience on technical and consumer accounts. Season with good humour and get-along-with-everyone nature. Grill for 45 minutes in an interview. Sprinkle lightly with money. Serve with a good future.

Whetted your appetite? If you're a glutton for punishment, write to Brian Waterton, Bean Advertising Ltd , 12 High Street, Watford. Tel: Watford 41321.

- We'd consider a girl (back, you virile visualisers!).

P.S. — If you can't write better than this, don't bother."

S. K. Varshney, Rourkela

Skinny striking

There's a story that Japanese workers express displeasure with management by putting in longer hours. Seems like some Indian workers have also realised that strikes only amount to shooting oneself in the foot and have found other ways for protest.

Recently, workers at the Madras based Wavin India Ltd had a tiff with the management when it reneged on an agreement to provide uniforms. So, instead of striking work, they struck their collective clothes and for almost a month worked in bare *langots!* After 28 days of not entirely exciting near-nudity, the management had still not conceded to the workers' demand. So they decided to do it the proven way — with clothes on and no work.

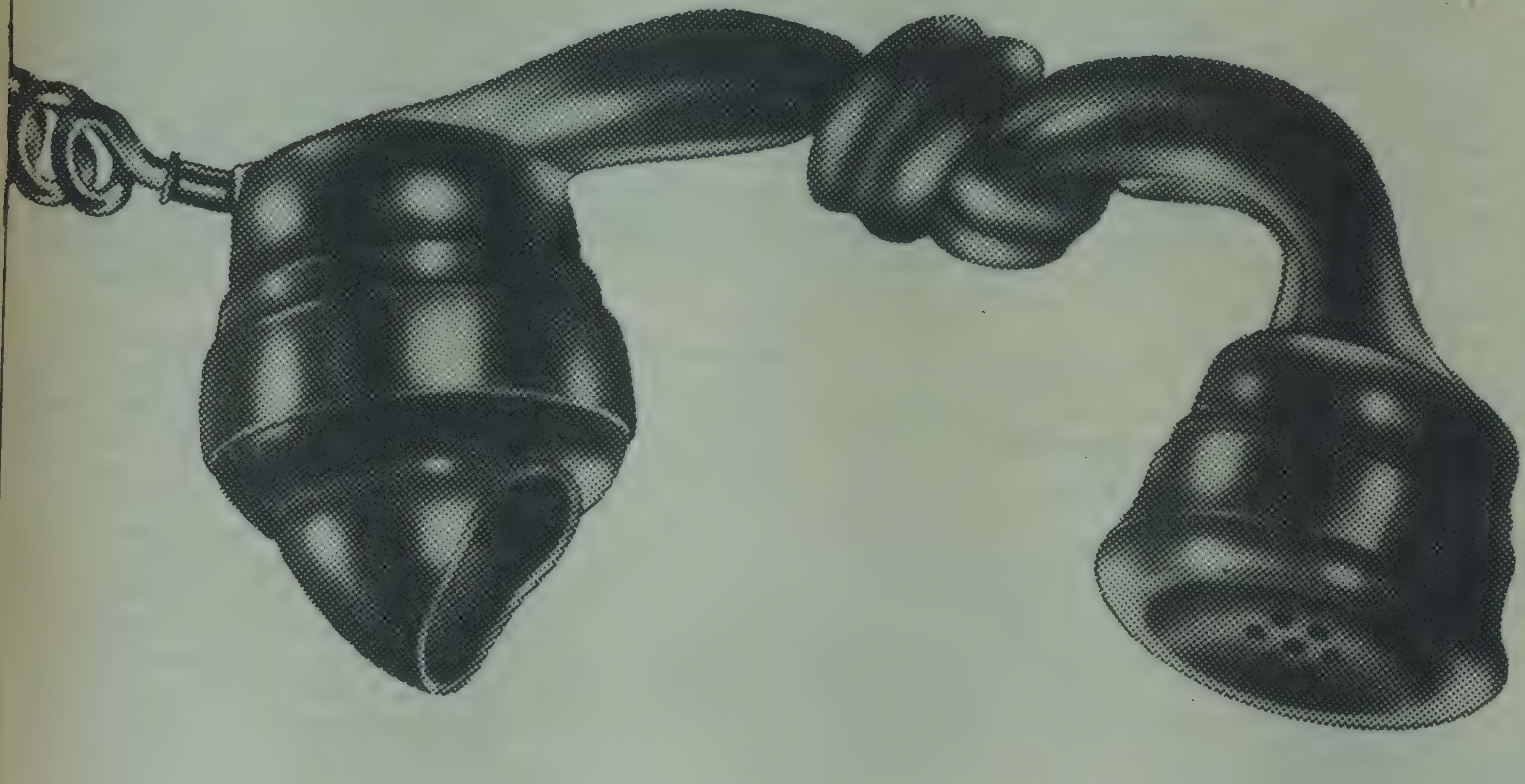
Madhavan S., Bombay

Nicknames too

An informal place is Bermuda. In its telephone directory, people are listed not only with their names and addresses but also with nicknames.

P. Venkateswara Rao, Hyderabad

Must you put up with an outdated PABX system that gets your busy organisation into a tangle?



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- Offers 'conference', 'interrupt', 'night service' and 'music-on-hold' facilities.
- Facilitates diversion and interception of calls, records messages.
- Allows routing of incoming calls to selected extensions in a programmed cycle, so no call is unanswered.
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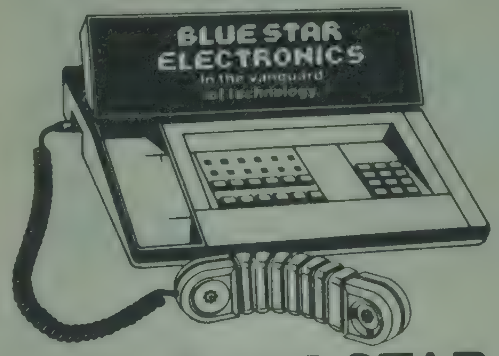

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NDD

Listening Post

Right number

If the grapevine is anything to go by, MTNL has good reason to be pleased with itself. Its performance last year was much better than expected. And, its empire is likely to expand too.

Shukla: aiming high

Last year it crossed the sales target it had set for itself by a distance. While it expected to do business worth Rs 440 crores (later revised to Rs 470 crores in December 1986), it actually garnered Rs 534 crores. During 1987-88, MTNL now hopes to collect Rs 650 crores.

Possibly impressed by MTNL's performance, the Public Accounts Committee (in its 100th report submitted to the Parliament during the last session) recommended inclusion of Calcutta Telephones too under the purview of the MTNL. This would effectively bring the telephones divisions of Bombay, Delhi and Calcutta under the direct supervision of M. P. Shukla, MTNL's managing director. Given his excellent track record both at TCIL (which he headed earlier) and MTNL, Shukla now appears to be destined for higher places.

Head hunting

The hunt is on for a full-time chief of the to be created National Securities Board. More than a handful of IAS officers, who claim to have either real-life experience of the area or scholastic achievements in the subject, have shown great interest in the post. But the powers that be seem disinclined to have a bureaucrat in the position. The reason for this seems to be that IAS officers tend to get restive after three years — when they begin getting restless for a new posting.

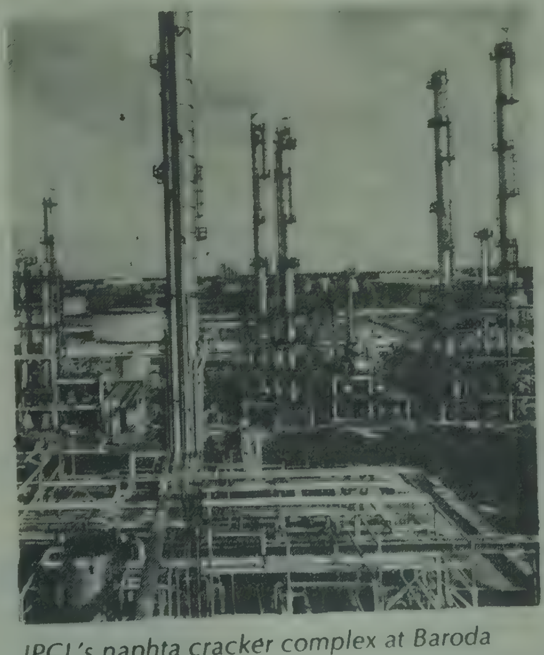
Options now have been expanded to allow prospective candidates from the private sector in. This should set off a rush of hopefuls heading towards North block, where the initial selection will be made before the next session of Parliament when the board is expected to be announced.

The tasks for the board are not fully set out yet but it will certainly have its hands full from the start. Board members, who will be drawn from a wide band of disciplines, are yet to be decided upon. But at the moment the concentration is on finding the right head.

Enter IPCL

Indications are that IPCL may be selected as the joint venture partner of the Madras Refineries Limited (MRL) for the latter's aromatics project. Several private sector giants including the Birlas, J.K. Synthetics, Reliance Industries and the Madras-based Spic are in the race. Until recently, Spic's chances seemed excellent, since it reportedly had the support of the Tamil Nadu government. But with the entry of IPCL — a financially strong professionally managed, public sector giant, Spic's chances appear less bright.

According to company sources, the government is seriously considering the proposal to involve IPCL. MRL's preference may also swing in favour of this public sector company The preliminary feasibility report submitted by Engineers India Ltd has placed the project cost at an estimated Rs 800 crores, which is Rs 200 crores higher than the original estimate of Rs 600 crores.



IPCL's naphta cracker complex at Baroda

New prescription

It is likely that the new Drug Price Control Order (DPCO) will be announced by mid August, if current plans in the industry ministry run on time. This will coincide with the release of a study on the state of the drug industry in India. The Bureau of Industrial Costs and Prices, which is spearheading the study, has apparently unearthed interesting material on the state of the industry.

Drug manufacturers, both Indian and multinational, are anxously awaiting the new DPCO. Indications so far available in the ministry suggest that the drug companies, in the foreign sector especially, have reason to be concerned. Apparently, questions are being raised now about the efficiency of technology transfer and the rate of introduction of new products.

In addition, matters related to transfer pricing, imports as well as trade margins, are within the purview of studies that the ministry is now conducting. However, whether all this will be reflected in the structure of the new DPCO,,is anybody's guess.

Spirited interest

What is common between Pepsi Cola, Seagrams Distillers and 3M?

They form a growing band of foreign companies that are scanning the Indian business environment for getting a slice of the action. Take for instance Distillers, UK and Seagrams, Canada. Both are liquor companies with well known brands of whisky firmly entrenched in world markets.

For the first time perhaps, both these companies are reportedly giving the Indian subcontinent a more than a passing look which according to a clued-in observer could mean a project investment here. And why not? The Indian liquor market is growing at a swift pace of 25 per cent a year, compounded. And the market is controlled by a handful of manufacturers. It certainly would be worth their while to collaborate even if only for exports from India.

Will the government acquiesce?

Strange bedfellows

Mergers and takeovers often result in the making of strange bedfellows.

Take the proposal — rather a government directive — before the management of the highly profitable public sector Rashtriya Chemicals and Fertilisers Ltd, Bombay. This company which commissioned the Rs 917 crore Thal urea unit in record time has reportedly been asked by the central government to take over the television picture tubes division of another public sector company, Bharat Electronics Ltd.

The logic, if any, behind the proposal is not clear. Nor is it clear how the acquisiton price of Rs 150 crores is to be funded.

News and Events

Eight Indian banks among top 500

Eight nationalised Indian banks appear in *The Banker*, London's annual list of the top 500 banks of the world in terms of performance. Canara Bank holds the fourth place, while Central Bank of India the seventh. Other banks which are included in the list include State Bank of India, Industrial Development Bank of India, Bank of India and Punjab National Bank.

World Bank aid for silk industry

The World Bank has sanctioned Rs 120 crores to the Assam government for a seven year sericulture development plan aimed at boosting production of the silk industry in the state. The state sericulture minister, Nagen Sarma, said schemes were being worked out for the utilisation of the fund.

India to export wheat to

India will export 100,000 tonnes of wheat to North Korea. A contract for this amount has been made and the exports will be handled by the Minerals and Metals Trading Corporation. This is the second time in recent years that India has exported wheat to North Korea. Last year a barter trade deal was struck and wheat was exported against the import of zinc. This year's contract will be made in free foreign exchange and is worth Rs 14 crores.

More acreage for silk

The Maharashtra government and the Central Silk Board have decided to bring 2,000 acres under mulberry cultivation in Maharashtra this year. Mulberry trees are ideal for silkworm rearing. The union government has allocated Rs 310 crores to boost silk production in the Seventh Plan as silk is an important export item. The 2,000 acres that have been selected for mulberry cultivation are in the Parbhani district of Marathwada which already has a silk research extension centre.

Three items less for SSI units

The government has withdrawn three more items from the list of products reserved for the small-scale sector. These are car window channels, windshield wipers and electric horns. This has been done to discourage imports of automobile ancillaries and allow for adequate production of high quality goods.

Wind turbines for power

The historic Sinhagad fort, outside Pune, now has a wind turbine that generates 4 kw of direct online power. The department of non-conventional energy sources has purchased 30 more of such turbines and will install them at locations as far apart as Leh and the Andamans and Nicobar islands. Thermax Pvt Ltd, Pune supplied the turbines.

Thermax is also setting up two wind farms at Deogarh and Puri, which will have generating capacities of 500 kw each.

New industry association

Leading manufacturers of abrasives recently formed the Abrasive Manufacturers Association of India (AMA). The association was formed to help government agencies to formulate policies and collect information on technology and safety. The engineering industry is the major buyer of abrasives, currently a Rs 100 crore business.

Proposal to curb tyre prices

The government is considering a proposal to impose price and distribution control on tyre manufacturers. An official group has been set up to work out the modalities of the issue.

The move follows a refusal of the finance ministry to agree to the import of tyres at reduced rates of duty. The import of tyres was considered after a study of the Bureau of Industrial Cost and Prices found that manufacturers were charging 15 to 20 per cent more than the fair price for bus and truck tyres worked out on the standard formula of returns for manufacturers. The BICP report had also pointed out that 65 per cent of total production of tyres came from only 3 units.

ATIRA sets up powerloom service centre

The Ahmedabad Textile Industry's Research Association (ATIRA) has set up a powerloom service centre to serve the technical and managerial needs of the industry. The centre will particularly service firms in Ahmedabad, Chatral, Kalol and Vijapur. The ministry of textiles has partially financed the project.

AEC embargo on yttrium export

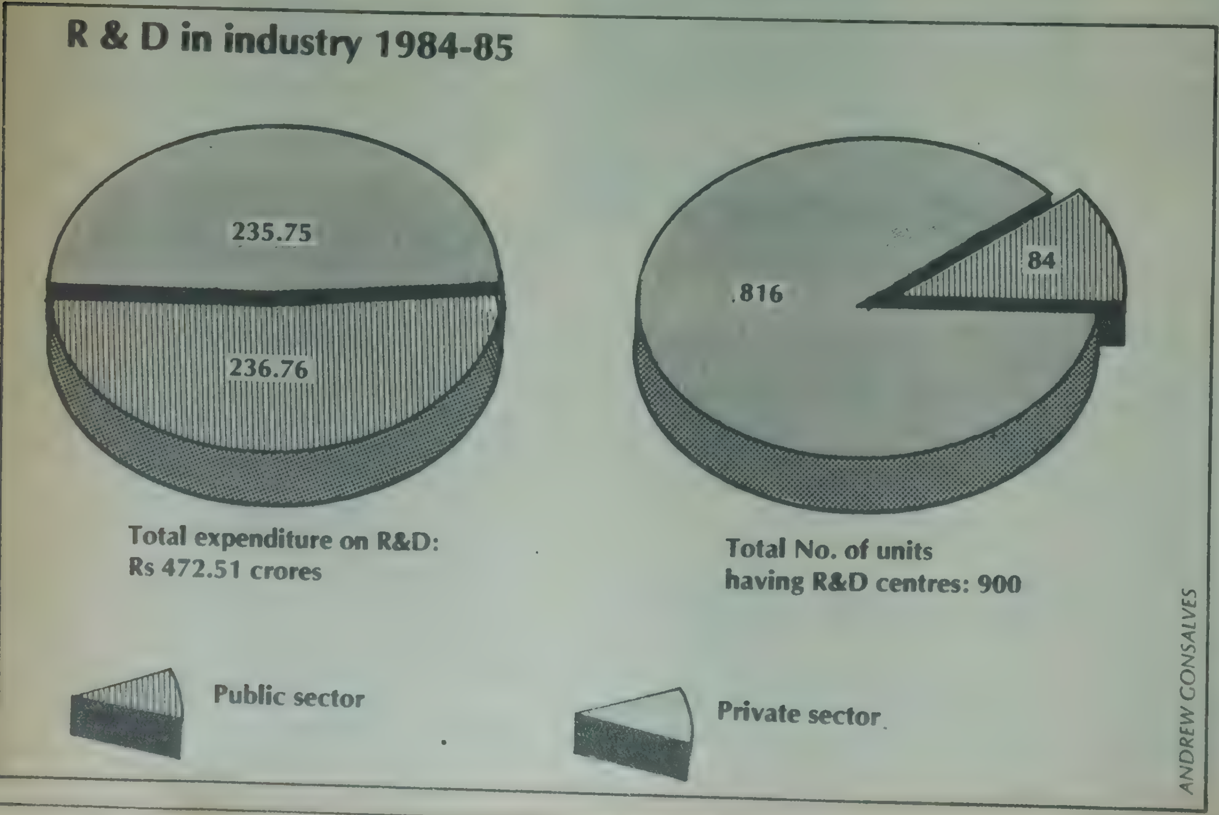
The Atomic Energy Commission has placed an embargo on the export of yttrium, a earth element essential for the development of superconducting systems.

According to Prof. C.N.R. Rao, chairman of the prime minister's Science Advisory Council and director of the Indian Institute of Science, the element is found abundantly in the country.

Power cut in Kerala

The Kerala State Electricity Board has imposed a 25 per cent power cut for high tension and extra high tension consumers from August 1.

The storage position in the



ANDREW CONSALVES

hydel reservoirs, the only source of power generation in the state was alarmingly low and even with 2 million units drawn from the central pool, the average daily requirement could not be met.

India to mine underwater

India has filed an application with the United Nations for registration of a mine site in the central Indian ocean for the exploitation of seabed nodules. After an extensive survey of over 4 million sq km, the Department of Ocean Development (DOD) has identified two areas of approximately 150,000 sq km.

According to DOD, polymetallic nodules form an abundant reserve of important metals such as manganese, nickel, copper and cobalt.

Drought poses threat to kharif

According to an official assessment, rainfall has been normal in only 150 of India's 406 districts till 8 July 1987. This effectively means that 63 per cent of the districts have received less than normal rainfall this year.

Comparable figures for previous years till 8 July show that in 1983 and 1984 only 42 per cent of the districts received less than normal rainfall, 48 per cent in 1985, and in 1986, the figure stood at 43 per cent.

The fall in rainfall this year means that the *kharif* crop, which contributes 58 per cent to total food production will be adversely affected.

No cut in yarn price: SIMA

The Southern Indian Mills Association (SIMA) has stated that no reduction in yarn prices was possible as long as cotton prices continued to rise. In a statement issued recently, at meetings of various textile associations, including those of powerlooms and spinning mills, convened by the regional textile commissioner, it was clearly stated by the mills that due to the continued rise in cotton prices it was not possible to fix prices of yarn for three months at a time as demanded by powerlooms.

Exim's incentive for exports

The Export-Import Bank of India which has been designated as the agency to provide foreign exchange clearance facilities to software exporters undertaking 350 per cent obligations, will now offer a rebate of 50 per cent on customs duty for overseas sales, according to an Exim bank bulletin.

Nirlon declared relief unit

Nirlon Synthetic Fibres and Chemicals has been declared a relief undertaking for one year. The step, taken by the government of Maharashtra on 21 July, is intended essentially to protect the company from its creditors.

For the year ended September 1986, the company showed a loss of Rs 20.43 crores on a turnover of Rs 184 crores.

The management had been negotiating with several entrepreneurs including R. P. Goenka, K. K. Modi, and Praful Shah of the Garden-Vareli group to sell some of the company's fixed assets. These negotiations apparently fell through and the company was declared a relief undertaking.

GSFC hikes price of caprolactam

The Gujarat State Fertilizers Company (GSFC) has increased the ex-factory price of caprolactam by Rs 3,100 per tonne effective from 1 August. The impact of this price hike on nylon yarn prices will be about Rs 4,000 per tonne, taking into account duties and taxes.

According to the Association of Synthetics Fibre Industry, GSFC has taken advantage of the rising international prices of caprolactam to raise the price. The Association feels that the price increase follows too closely on the heels of the earlier price rise in February this year.

CCI to survey cable standards

The Cable Corporation of India will be undertaking a national level study to evolve standards for the wide range of cable products and their durability on behalf of the Bureau of Indian Standards.

Currently, the Cable Corporation has a full fledged research and development wing on which the company spends Rs 1 crore annually. According to the manging director, A. C. Talwani, the R&D wing will be delinked from the production department to facilitate the completion of the national study.

IFFCO plans mass farm forestry

The Indian Farmers Fertiliser Cooperative (Iffco) plans to implement a mass farm forestry scheme in the country as part of its rural development programme.

According to the company, Iffco will implement the scheme for the first five years and later hand over to other cooperatives. About 50,000 hectares of waste land in 160 states will come under this programme.

NTPC contracts large yen loan

The National Thermal Power Corporation Ltd has signed an agreement with the Industrial Bank of Japan and the Nippon Life Insurance Co Ltd, both of Tokyo, for 10 billion yen (approximately Rs 90 crores) to be utilised by NTPC for its foreign exchange requirements. The loan carries a fixed rate of interest of five per cent and the duration of the loan will be 15 years.

Uptron tie-up for CTV tubes

The Uttar Pradesh Electronics Corporation (Uptron) is tying up with the Mitsubishi and Toshiba corporations, both of Japan, for the manufacture of colour television tubes.

Both Japanese companies will have equity stakes in the project — Mitsubishi will contribute five per cent and Toshiba ten per cent of the equity.

The collaboration is for the technology for manufacturing colour 20 inch TV tubes. The collaboration also includes a phased manufacturing programme for 21 inch TV tubes using the latest Japanese technology — the FST, developed by Toshiba.

Aruna Sugars to set up paper unit

Aruna Sugars, after its diversification into hotels, international trading and exports, has decided to set up a Rs 20 crore baggasse-based paper and particle board factory.

The paper plant will be located at Pennadam in Tamil Nadu, near the company's sugar factory. The company has been till date selling 30,000 tonnes of bagasse to other paper factories.

PDIL consultant for Nagarjuna project

Projects and Development India Ltd (PDIL) has signed a contract with Nagarjuna Fertilisers and Chemicals Ltd (NFCL) for providing complete engineering consultancy services for the latter's Kakinada fertiliser project in Andhra Pradesh.

The plant based on naphtha and natural gas will manufacture 900 tonnes of ammonia and 1,500 tonnes of urea per day. The total cost of the project is estimated at Rs 635 crores, of which Rs 180 crores will be by way of foreign exchange.

Malaysian order for BHEL

Bharat Heavy Electricals Ltd (BHEL) has bagged an export order worth Rs 20 crores for generating equipment for the 70 mw Sungai Piah hydro-electric project in Malaysia.

The contract, to be financed by the Exim Bank of India, has been secured with active assistance of the commerce ministry, the State Trading Corporation and Minerals

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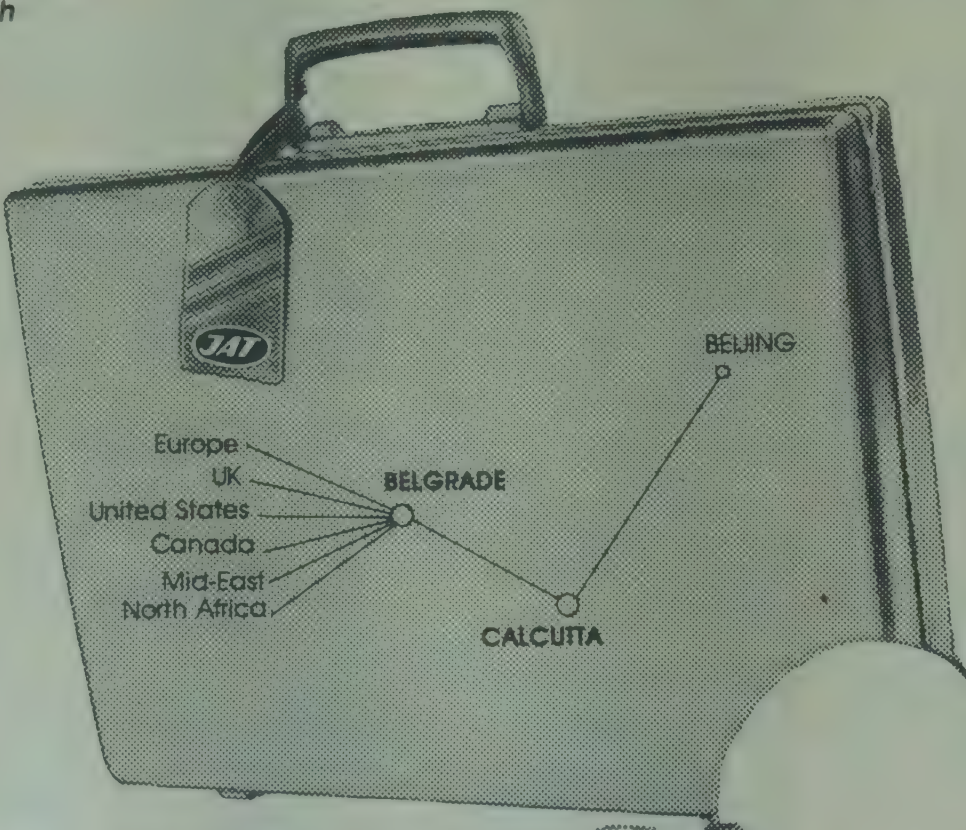
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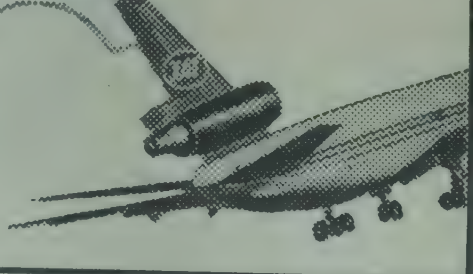


and Metals Trading Corporation as part of the drive to boost trade between India and Malaysia.

An offer for supply of substation equipment and transmission package for the same project has also been made by a consortium led by BHEL. The offer is currently under negotiation.

ADB aid for polyester unit

The Asian Development Bank has approved a US $3 million equity investment at two loans totalling US $21 million for DCL Polyesters Ltd, Maharashtra. The project is being set up at Monda near Nagpur to produce 15,000 tpa of PFY. Its principal sponsor is Deccan Cement Ltd and SICOM, Maharashtra is co-promoting the project.

The total cost of the project is estimated at $113 million, and ADB's assistance will be used to finance the $31 million foreign exchange cost component.

IRRC bags major project

The Indian Road Construction Corporation Ltd will construct the 42 km Calcutta-Durgapur expressway. Funded by the World Bank, this Rs 33 crore project was secured against an international tender. The expressway is to be constructed within 42 months and will meet international specifications.

HCL to make new computer

Hindustan Computers Ltd has signed a full transfer of technology agreement with Tolerant Systems, Inc of the US to produce fault tolerant computers. Basically meant for on-line and data communication applications, HCL expects to begin marketing these computers early next year.

NRDC technology for Tata-Yodogawa

Tata-Yodogawa (Tayo) has signed a memorandum of understanding with the National Research Development Corporation to commercialise indigenous technology. Under the agreement, Tayo will manufacture sacrificial anodes by techniques developed at the CSIR laboratory at Karaikudi.

The anodes will meet ONGC, GAIL and defence requirements, which are otherwise met by imports.

Nicco to export batteries

Nicco batteries Ltd will sell five million batteries for toys to Globe International, US. Nicco is currently setting up a battery manufacturing unit in collaboration with Globe. The present order is a buy-back arrangement with the collaborator.

Grauer & Weil tie-up with UK firm

Grauer and Weil (India) Ltd, has entered into a technical collaboration with Veratronic Ltd of UK for the manufacture of plating plants with specific emphasis on computerised material handling systems in treatment of printed circuit boards.

Veratronics is one of largest suppliers of manual and fully automatic plating machines in the printed circuit board industry and has exported many plating complexes to USSR, China, India and other European countries.

Birla stake in Chloride Eastern

A memorandum of understanding has been signed for Chloride plc of the UK to sell 49.99 per cent of its holding in its fully owned subsidiary, Chloride Eastern Ltd, to S. K. Birla for $18.2 million.

Chloride Eastern, an unlisted UK company, has a 56.7 per cent stake in Chloride India. Following the sale, Chloride Eastern's headquarters is likely to be shifted from London to Singapore, where the company will be listed on the stock exchange. Chloride Eastern will look after Chloride's interests in the group's subsidiaries and associate companies in Malaysia, Singapore, Sri Lanka and India.

The takeover by Birla follows a series of bids by B. M. Khaitan, Hari Shankar Singhania and M. R. Chhabria.

Government nominee for Swadeshi

The Supreme Court has directed that the present board of directors of Swadeshi Polytex Ltd will continue till further orders with one more nominated director. The new director will be nominated by the Attorney General of India, preferably from the textile ministry.

The directive was issued on an application in connection with a petition involving a dispute over the ownership of certain shares in the company. The court said that the board with the three existing directors and the one nominated would continue to function till the disposal of the main petition.

Max India tie-up for penicillin plant

Max India Ltd has entered into a joint collaboration with Antibiotic of Spain and Ranbaxy Labs Ltd to set up a 1,000 MMU penicillin G plant. The company has already filed an application with the government.

Max India has also signed a memorandum of understanding with the Punjab State Industrial Development Corporation to promote a Rs 20 crore project for the manufacture of biaxially oriented polypropylene (BOPP) film. The project, in the assisted sector, will go on stream within 18 months.

Mecon consultants for Essar Steel

Essar Steel, a division of Essar Constructions Ltd is importing a second hand steel plant from West Germany and Metallurgical and Engineering Consultants (India) Ltd (Mecon) has been given the contract for overseeing, dismantling and reinstalling the plant at Hazira. Mecon will be involved till the commissioning of the project.

The gas based direct reduction steel plant had originally been commissioned in 1981. Due to a recession in the steel industry and an increase in gas prices the present owners were forced to sell the plant.

Orissa Sponge to float new companies

Orissa Sponge Iron Ltd (OSIL) and its technical and financial collaborator, Allis Chalmers Corporation of the US, have identified new areas of co-operation.

The two companies are planning to join hands to float two technology marketing companies. One for operations in India and the other abroad. For the Indian company, subject to approvals, the equity holding will be 40 per cent by OSIL, 40 per cent by Allis Chalmers and 20 per cent by OSIL's associates.

IOL introduces pollution control method

Indian Oxygen Ltd (IOL) has introduced a new pollution control method which can considerably increase the effectiveness of current aerobic methods for effluent treatment. The new technology called 'Vitox' drastically increases oxygen, ensuring that bacterial decomposition operates at the highest level of efficiency. Current aerobic technology operating in the country uses only aerators to increase air supply in effluent plants — the effectiveness of the procedure leaves much to be desired. The Vitox system does not require expensive modifications and can be retro-fitted to existing plants in an economic manner.

Gas struck in Tripura

Gas has been struck at another site in the Agartala dome structure. The Agartala dome structure covers an area of 77 sq kms and is estimated to have an estimated potential of over 8 billion cubic metres of gas.

The latest well which has yielded gas, was drilled to a depth of 3,450 metres and has a daily flow of 1.12 lakh metres of gas per day.

Arlem introduces Arlink EPABX

Arlem Electronics, a division of Arlem Breweries Ltd of the Chowgule group has introduced its Arlink EPABX.

Arlem Electronics has committed approximately Rs 90 lakhs to this project and has a licensed capacity of 20,000 lines a year. The division expects to achieve a turnover of Rs 7 crores by 1989-90.

Based on the C-DOT design, Arlink has been tailormade for Indian conditions.

WEBEL bags order from UBI

WEBEL Business Machines Ltd has bagged an order from United Bank of India for the supply and installation of 24 uninterruptible power supply (UPS) systems for its branches throughout India as part of the first phase of UBI's branch mechanisation.

The company is also negotiating with several other banks for the supply and installation of power conditioning equipment — UPS systems, servo controlled voltage stabilisers, etc, for their mechanisation programmes.

GIL manufactures new product

Gujarat Insecticides Limited (GIL), Ankleshwar, has successfully started manufacturing technical grade cypermethrin, a synthetic pyrethroid.

GIL also plans to introduce another important insecticide — chlorpyriphos — in October this year. At present, it is being imported and is the monopoly of just one multinational company in the world. GIL will also start manufacturing monocrotophos (technical) from March, 1988.

Hindustan Zinc awards contract to British firm

Technical training, consultancy and test work for India's new zinc mine at Rampura-Agucha in Rajasthan will be supervised by a team from RTZ Technical Services, of Bristol, UK. This follows a £50,000 contract placed with the British firm — part of the RTZ industrial and mining group — by Hindustan Zinc Ltd, a government of India undertaking.

The Rampura-Agucha mine is due to come on stream by 1990. It will supply concentrates to Hindustan Zinc's new smelter at Chanderiya (Rajasthan) for which Imperial Smelting Processes Ltd, a subsidiary of RTZ Technical Services, is providing process engineering and technical support.

The turnkey contract for the entire project is to be executed by Davy Mckee of Stockton, UK. Substantial British aid funds are being provided for the project.

NRI company to make filters

Ultrafilter (India) Private Limited, an NRI sponsored company in Bangalore that has entered into technical and financial collaboration with Ultrafilter GmbH, West Germany, will soon produce indigenously the range of cartridge filters made by its parent company for purification of compressed air, gases and liquids used in the engineering and process industries.

Major industries in India have already shown keen interest in this product and there are already substantial orders in hand from OEM's like Atlas Copco, Kirloskar's, Elgi, Ingersoll Rand and also from others like GNFC, KRIBHCO, FCI, etc.

IDBI raises loan of 10 billion yen

The Industrial Development Bank of India (IDBI) has signed an agreement with leading insurance companies and banks in Japan to raise a fixed interest rate 10 billion yen loan repayable after 15 years.

The loan, to be provided by the Industrial Bank of Japan, Dai-Ichi Mutual Life Insurance Company, Sumitomo Life Insurance Company and The Shoko Chukin Bank, has been arranged by Morgan Guaranty Ltd, Hong Kong.

With this borrowing, IDBI has broken fresh ground in raising long term funds at competitive rates to meet the foreign currency requirements of Indian industry. So far, the bank has raised amounts equivalent to US $475 million, in various foreign currencies, in commercial markets abroad through various instruments.

Recently, IDBI also contracted two lines of credit, one for $30 million from the Nordiska Investingsbanken (NIB), a multilateral financial institution set up by the five Nordic countries and the other for $50 million, from Yugoslav Bank for International Economic Co-operation.

Awards

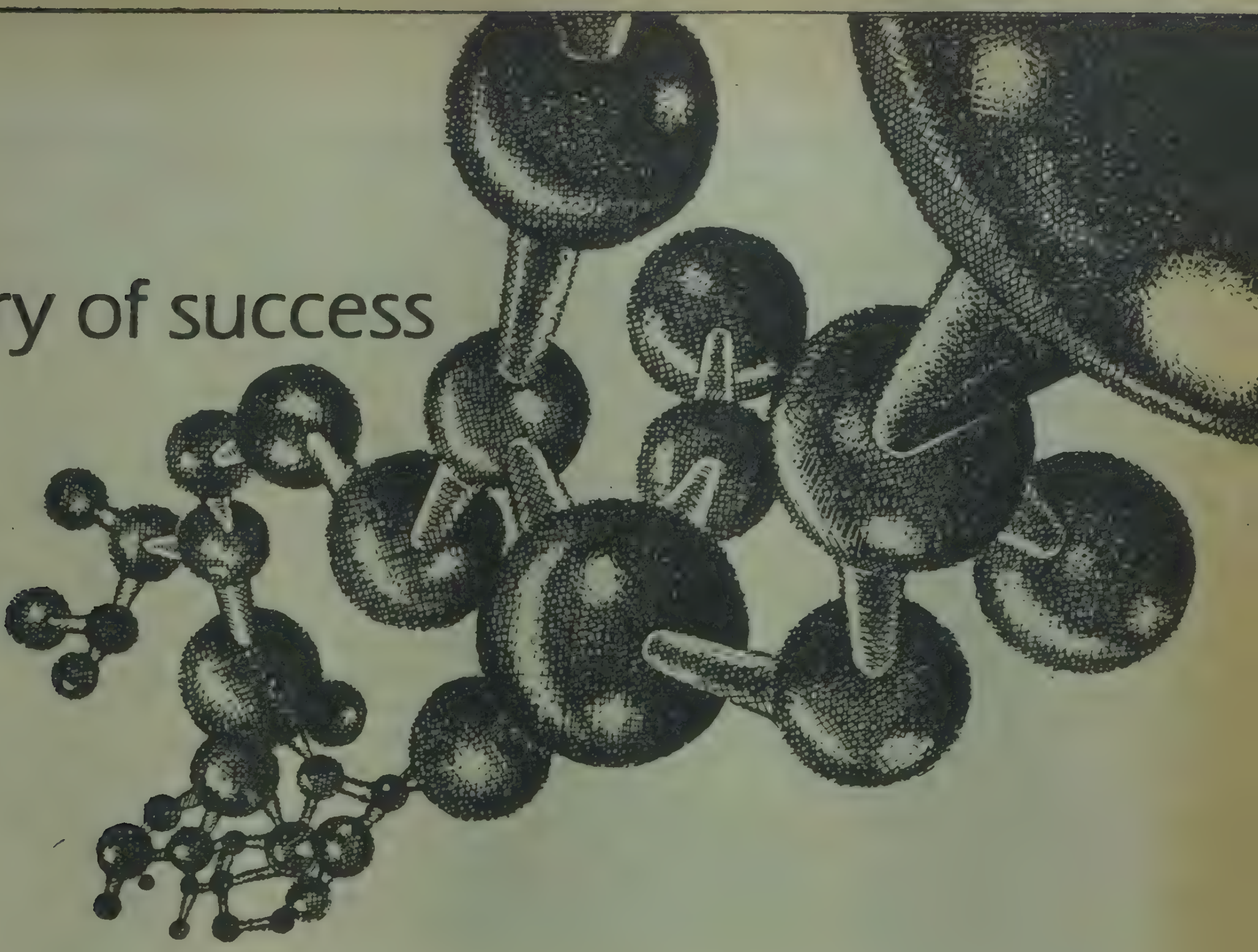
- The Associated Cement Companies Limited (ACC) has been awarded the EUROPA AWARD 1987 by Trade Leaders Club, an organisation of trade experts from 120 countries, based in Madrid, Spain, and Editorial Ofice Publications, an international Spanish company.

Appointment

- Manmohan Singh, deputy chairman of the Planning Commission, will be the first secretary general of the newly constituted South Commission.

Diary

Date	Subject	Organiser	Venue
17-22 August	**Cost Reduction**	Tata Management Training Centre, Pune (Tel: 60141)	Centre premises
19-22 August	**Value Engineering**	Creative Communication and Management Centre, Bombay (Tel: 273006)	Taj Mahal Hotel, Bombay
24-29 August	**Approaches to Budgeting with Focus on Zero-Base Budgeting-2**	Administrative Staff College of India, Hyderabad (Tel: 36952)	College premises
1 Sept-16 Oct	**Financial Management for Young Executives**	Institute for Financial Management and Research, Madras (Tel: 473801)	Institute premises
17-19 September	**Achieving Cost Reduction & Better Services**	Crave Services, Bangalore (Tel: 572779)	Sea Lord Hotel, Ernakulam
14-18 Sept	**Management Information Systems**	Institute for Financial Management & Research, Madras (Tel: 473801)	Institute premises



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ARMS-A

Businessmen in the News

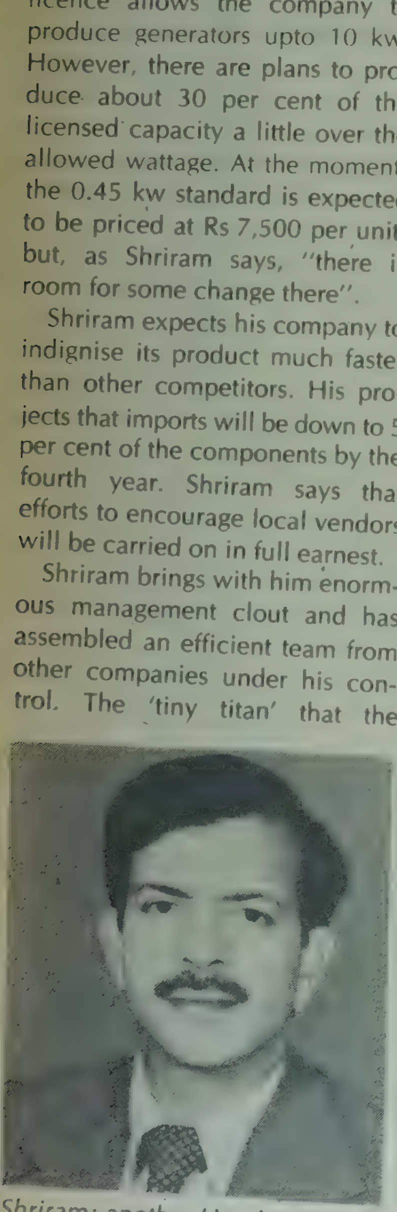
Making the 'tiny titan'

The tiny portable generator sets, to be manufactured by a company promoted by Shriram Refrigeration jointly with Honda Motor Co, certainly packs more punch than is obvious at first sight. Siddarth Shriram, who heads the new company, Shriram Honda Power Equipments Ltd, believes that "the generator we will produce is not just more fuel efficient but also more environmentally conscious".

While work at the Rudrapur site in UP is almost complete, trial production should begin by December 1987. This will be just a few months after the public issue of Rs 2.5 crores is over. About 70 per cent of output will be small generators and the company's licence allows the company to produce generators upto 10 kw. However, there are plans to produce about 30 per cent of the licensed capacity a little over the allowed wattage. At the moment, the 0.45 kw standard is expected to be priced at Rs 7,500 per unit, but, as Shriram says, "there is room for some change there".

Shriram expects his company to indignise its product much faster than other competitors. His projects that imports will be down to 5 per cent of the components by the fourth year. Shriram says that efforts to encourage local vendors will be carried on in full earnest.

Shriram brings with him enormous management clout and has assembled an efficient team from other companies under his control. The 'tiny titan' that the Shriram Honda Co will produce can carve a large share of the growing generator market in India, given the dismal projections for power supply. In fact, turnover for the company is expected to reach over Rs 100 crores a year.



Shriram: another Honda contact

Security printer

Jaipuria: offering a wide range

It was at the National Exhibition of Printing held in Chicago in 1985 that Shishir Jaipuria, managing director of Pioneer Ltd, was struck by the growth prospects of the security prints industry in India. Pioneer Ltd, which at 122 years, is one of the oldest newspaper groups in the country, currently publishes the *Pioneer* and *Swatantra Bharat* newspapers, both from Lucknow and Varanasi.

In view of the Pioneer Ltd's own expansion and diversification drive, Jaipuria found "that security prints would be an expanding market due to the computerisation in the commercial sector and banks". These security instruments consist of banking instruments like cheques, bank drafts, gift certificates, bonds, interest and dividend warrants and share certificates. Besides these are the lottery tickets.

"No calculation has been done on the exact requirements of these instruments, but the RBI estimates that banks would require security instruments to the tune of 6 to 7 million a year. Lottery tickets requirements are placed at 4 to 5 hundred million. Then there are the computer forms whose demand, although undetermined, is growing," says Jaipuria.

Thus, Pioneer Ltd has established Pioneer Security Prints, at a project cost of Rs 3 crores, with a capacity of printing 1,800 million security instruments a year. Annual turnover is expected at Rs 5 crores.

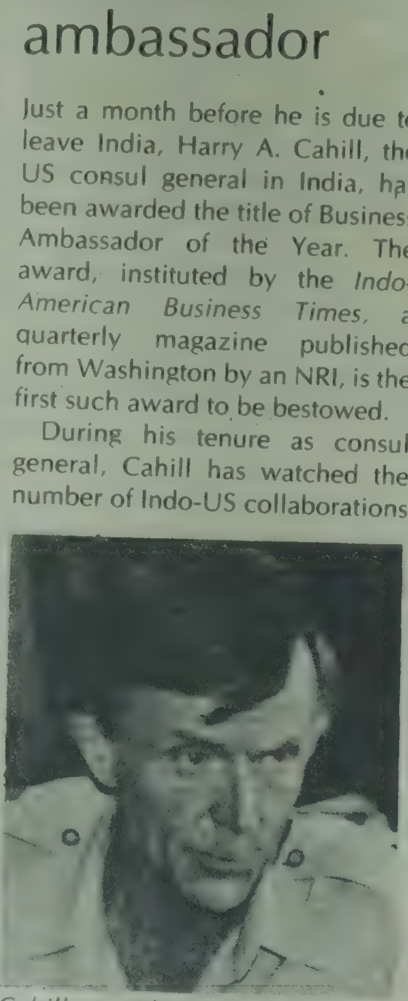
Jaipuria claims two distinctive features for his plant, "First, we have the only printer which can publish all kinds of security instruments. The others can print only single instruments. Second, we are the only ones with the latest technique available for MICR — Magnetic Ink Character Recognition — printing."

Endowed with these sophisticated machines, which perform many operations automatically and with least manual handling, thereby eliminating chances of pilferage, and with orders already coming in, Jaipuria is confident of the success of his new venture.

Business ambassador

Just a month before he is due to leave India, Harry A. Cahill, the US consul general in India, has been awarded the title of Business Ambassador of the Year. The award, instituted by the *Indo-American Business Times*, a quarterly magazine published from Washington by an NRI, is the first such award to be bestowed.

During his tenure as consul general, Cahill has watched the number of Indo-US collaborations increase from 347 between 197 to 1980 to over 675 betwee 1981 to 1985. During the first ha of the eighties, the US als boasted 174 joint ventures i India (against 110 of Wes Germany and 89 of the UK), thu retaining its lead as India's larges technological partner.



Cahill: presiding over growth

On the occasion of the award industrialist after industrialist re called the active interest show by Cahill in promoting ties between India and the US. Cahill, or his part, confessed how touche he was by the warmth, generosit and kindness shown to him by the Indian people.

A new kind of zone

After electronic processing zones and export processing zones, there is now going to be a zone exclusively for the processing of plastic products. The zone, named Gujplast, is coming up in Sarigam, in the backward taluka of Umbergam, Valsad district in Gujarat. The project is being promoted by Gujarat Industrial Development Corporation (GIDC).

The zone, to occupy 80 hectares of land, will be ready by the end of 1987. It will house at least 150 units for manufacturing plastic products. According to L. M. Sud, managing director of GIDC, the number of units in the zone may well cross 200, because the incentives offered are very "attractive and unique". Besides cash subsidy and sales tax exemptions, the zone offers land at a very concessional price of Rs 125 per square metre. GIDC is also providing a double feeder line ensuring uninterrupted power supply to the zone. According to Sud, the biggest advantage of the zone will be its location. The largest manufacturer of plastic raw materials in the country — IPCL — is located within the state and the upcoming Hazira and MGCC petrochemical complexes are also near by. Marketing of output will also be easier because the zone is well-linked with Bombay and Delhi, Sud points out.

Visiting

Wiring India in

"When we held our first wire fair in 1986 in Duesseldorf, we felt that it had enormous potential. Now we are convinced that it does," says Gregor Ulrich, project manager, Nowea, the Duesseldorf fair company whose revenues stood at DM 267 million during 1986 from 34 events. Wire 86 had 489 company exhibitors, of which 284 were foreign exhibitors from 24 countries, and attracted around 22,000 visitors.

"The success of that fair has led us to extend it to Wire 88 and 90 too. Thus, Wire Duesseldorf has become the major trade fair for this industrial sector," adds Ulrich. "We already have 372 bookings and we expect the number to be more than that of Wire 86."

Ulrich: Indian companies benefit

Ulrich points out that this year, in addition to machinery, specialised wire products will also be on display, including wires and cables and fibre optics. "Simultaneously, we will also be holding Tube 88, a tube fair," he adds, "catering to applications ranging from thin hypodermic needles to 24 inch diameter tubes."

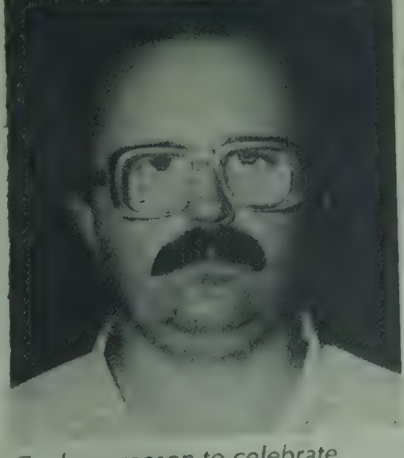
"With an expanding cable and wire industry, and an increasing demand for such products by the growing automotive, oil exploration and refrigeration sectors in India, we believe that such a fair should prove to be useful to your country," observes Ulrich. "Companies like Zenith and Nirmal Electronics have already decided to participate, and Tisco is likely to follow suit. With Indian companies manufacturing wires and tubes of quality and prices better than ever before, we see no reason why the fair shouldn't benefit them."

A Russian power fest

"We are happy that the exhibition is being held while both India and the Soviet Union are celebrating anniversaries," said A. S. Guskov, director of an exhibition on 'Power Engineering in the USSR' being held at the house of Soviet Culture in Bombay. Guskov was referring to the fact that India is celebrating its fortieth year of independence while Russia, the seventieth year of the revolution.

The exhibition was however aimed at celebrating the achievements of the Soviet power industry over the last 66 years. Today the Soviet Union is the second largest producer of electric power in the world after the US and according to Guskov the Soviet Union is probably the only industrially advanced country to meet its total energy requirements from indigenous resources. About 75 per cent of total power production comes from thermal power plants, 11 per cent from nuclear power plants, while the balance is from hydroelectric plants.

Commenting on the accident at the nuclear plant at Chernobyl, Guskov commented that investigations had revealed that the accident was primarily a result of operator negligence. An area 30 km around Chernobyl would have no residential accommodation and a new city is being constructed 50 km away from the station, for plant personnel.

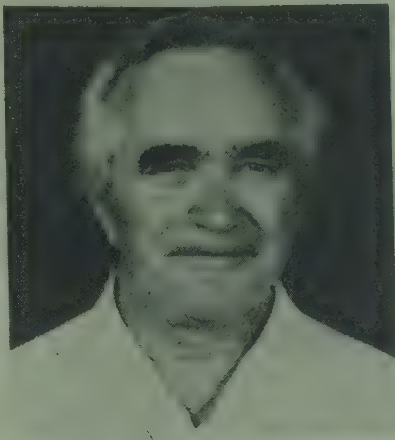


Guskov: reason to celebrate

The Soviet Union has helped India construct 16 power stations with a total capacity of 3,500 MW but Guskov would not comment on whether the USSR was going to supply India a nuclear power plant.

No screwdriver technology

"I leave India, extremely enthusiastic and totally confident that our collaboration with Electronica, to introduce thermoelectric technology manufacturing devices and products to the Indian economy, will be a success," says Roy Tenny, executive vice-president of Ovonic ThermoElectric Company, US. Tenny was in India recently to assess the capabilities of Electronica, a Pune-based Rs 7 crore-a-year high technology company, to manufacture mini-refrigerators, coolers and other products using technology pioneered by Ovonics. It uses semi-conductor crystals to create a temperature difference across junctions of two dissimilar metals by directly passing an electric current through them.



Tenny: bringing thermo-electrics to India

These fridges will thus do away with the cumbersome compressors used in conventional appliances. They will be about 35 cms in height and will be able to accommodate about 12 water bottles. According to R. Ratnaparkhi, executive director of Electronica, they will be priced at around Rs 2,000 and will be useful in offices and for picknickers. Electronica plans to produce power generators based on the same technology in the near future. "These products will be totally Indian," Teny says, "in Electronica we have found someone who can adapt our technology successfully. We do not deal with people who are into screwdriver technology."

A repeat experience

Lino Cardarelli, managing director for financial policy of the Montedison group, Italy, was in India recently to conduct negotiations on behalf of ROL, one of the group's companies. ROL operates in the area of chemical intermediates for industry, lubricant oil, textile auxiliaries and heat resisting liquids.

In India, the group hopes to set up a new product line with its partner of 25 years, the Indian Dyestuff Industries Ltd (IDI).

Working with IDI is not our first experience with Indian companies," says Cardarelli. "Earlier, we were associated with Madras Aluminium and Amar Dyechem, but IDI has proved to be the only successful collaboration."

According to him, there are three "new" items under active consideration by IDI and Montedison. To assess the market, a joint market research programme is being conducted.

Cordarelli: into new items

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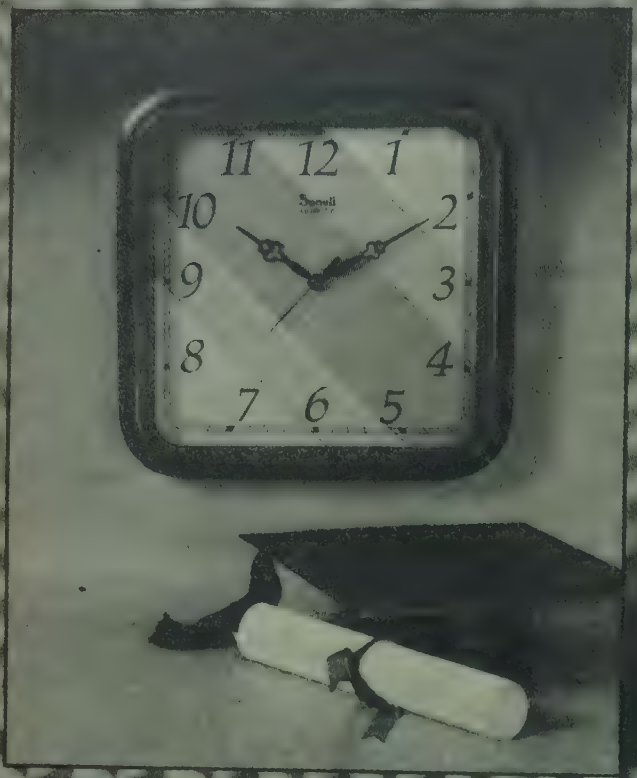

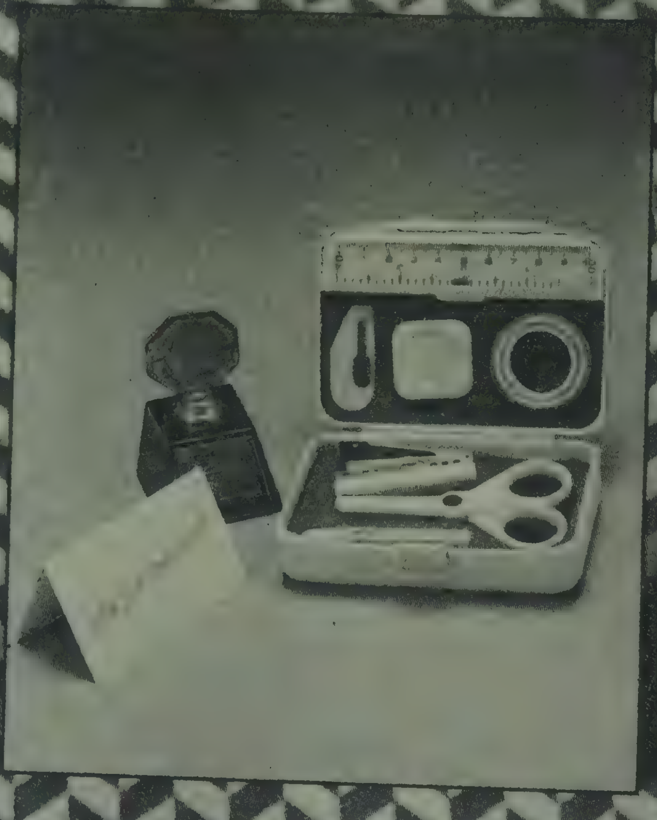

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Bombay dock strike

Stevedore licensing issue sidetracked

If last fortnight's strike by stevedore employees at Bombay port has managed to guarantee them security of jobs and terminal benefits, it has also helped stevedores by circumventing the issue of liberalising licensing for the business. This is because the powerful Transport & Dock Workers' Union led by S. R. Kulkarni, will no longer feel pressed to demand the issue of fresh licences for the creation of more job opportunities.

For the 450-odd gearmen, godown khalasis, carpenters and handcart pullers who struck work at the port for over a fortnight from 16 July, holding up over 60 ships and causing an estimated loss of about Rs 500 crores to the economy, job security was the key issue. With the closure of eight stevedoring firms over the past few years, the precarious state of Eastern Bunkerers, a leading firm and the prospect of cargo traffic shifting to the upcoming Nhava Sheva port only heightened their fears.

Unprotected category. The striking workers constituted that category which was left unprotected by the Dock Workers' (Regulation of Employment) Scheme, 1956, of the Bombay Dock Labour Board (BDLB), which covers other stevedore workers and supervisory staff. The strike threw up two options to the government: either allow new firms to enter the business and increase job opportunities, or get the workers protection under the BDLB scheme. The decision to take the latter option has, in a way, pre-empted the unions from demanding the opening up of the stevedoring business by fresh licensing.

Now, with registration under the BDLB scheme, the gearmen and their lot will be assured of a minimum wage, whether they have work or not. The BDLB guarantees a minimum of 21 shifts, one paid holiday, four weekly offs and attendance allowance on other days, every month, to all employees registered under its schemes. The modalities of implementing the settlement arrived at between Kulkarni and stevedore employees will be worked out over the coming three months after a ministerial committee submits its report on the matter next month.

But while the welfare objective might well be taken care of, it is bound to have an adverse impact on port costs, in the long run. And this issue has been sidelined. For the 15-odd stevedoring companies in Bombay port who have virtually operated like a closed club over the last 35 years, the entry of new stevedores is anathema. B. K. Dubash, president of the Bombay Stevedores Association (BSA), insists that allowing fresh competition in the business is not the way to bring down costs.

De: liberalisation wanted

"The high costs are due to factors entirely beyond our control," says Dubash. "My association can unequivocally state that over 94 per cent of the cost of stevedoring operations in Bombay is attributable to labour wages and levies prescribed by government agencies over which we have no control." Overheads, investment in gear and profit margins constitute the remaining six per cent, according to him.

The BDLB, which regulates dock workers' conditions of employment, manning scales, wages and piece rate earnings among other things, collects not only the wages and benefits that accrue to workers indented from its pools by stevedores, but also a levy of 220 per cent (including a welfare levy of 40 per cent) to meet its administrative costs and payment of minimum wages to those not fully employed in its pools.

No headway. Reacting to reported moves by the BDLB to hike the levy rate to 250 per cent, and accusations that stevedores enjoy high profit spreads, Dubash says that the BSA's members are prepared to subject themselves to a cost audit by the Port Trust or any independent body. "Successive chairmen of the Port Trust and the Dock Labour Board have been requested by the BSA to examine stevedoring costs and give a finding on what they consider would be a fair rate," he says. "No headway has been made in this."

BPT sources, while admitting that "some letters have been received from the BSA", maintain that "it is not our job to go about auditing other people's accounts." But the question of whether stevedoring costs can be brought down or not under the present set-up will soon be answered. Following a government directive, BPT and other port trusts in the country are gearing up to start stevedoring operations. The BPT, which has had a licence since its inception, has never entered the fray, but now, it may at least be able to break the control of three or four stevedores over nearly 60 per cent of the business in Bombay port. "If we are able to bring down stevedoring costs, why should anyone object," asks a senior BPT official.

The entry of new stevedores has been successfully blocked over the past three decades with substantial help from the licensing mechanism and the unions' stance. Any fresh entrant will first have to obtain a licence from the BPT, and then get registered with the BDLB, which comprises five representatives each from the stevedores, the unions and the government. The combined force of the stevedores and the unions on the board has been more than sufficient to stave off competition in the business. "The BDLB feels that there is no need for new stevedores," says a senior BPT official. "And we take the view that there is no point in our licensing new stevedores unless the BDLB is going to register them."

Both the unions and the stevedores feel that newcomers to the business will have to necessarily snatch work from existing firms in a situation where cargo traffic at Bombay port is not increasing appreciably. "If more people enter the business, some will have to close down, and the burden of the surplus labour with the BDLB will be passed on to the stevedores in the form of increased levies," says a prominent stevedore. "And we will have no option but to pass them on to the shipping lines, which will then charge shippers more. At this rate, costs can only go up."

Government's view. But Rajesh Pilot, the union minister of state for surface transport, is believed to have told stevedores at a recent meeting that unless they bring down their costs, the government will have no choice but to liberalise licensing in stevedoring. The Transport and Dock Workers' Union, which earlier opposed a move to strip the BDLB of powers in the matter of determining the number of registered stevedores in the port, was quick to react. "If more and more persons are given licences to work as stevedores in the port of Bombay, it would lead to diastrous results," warned Kulkarni. "The existing staff working with stevedores will be adversely affected, and there will be no security of employment for them." According to Dubash, the only way stevedoring costs can be brought down is to streamline manning scales and introduce piece rate incentive schemes for container handling.

But the experience at other ports in the country has shown that competition can pull down costs of operation. An on-the-spot study conducted by the ministry of surface transport in Calcutta found that while the local stevedores charged Rs 8.22 lakhs for loading 4,000

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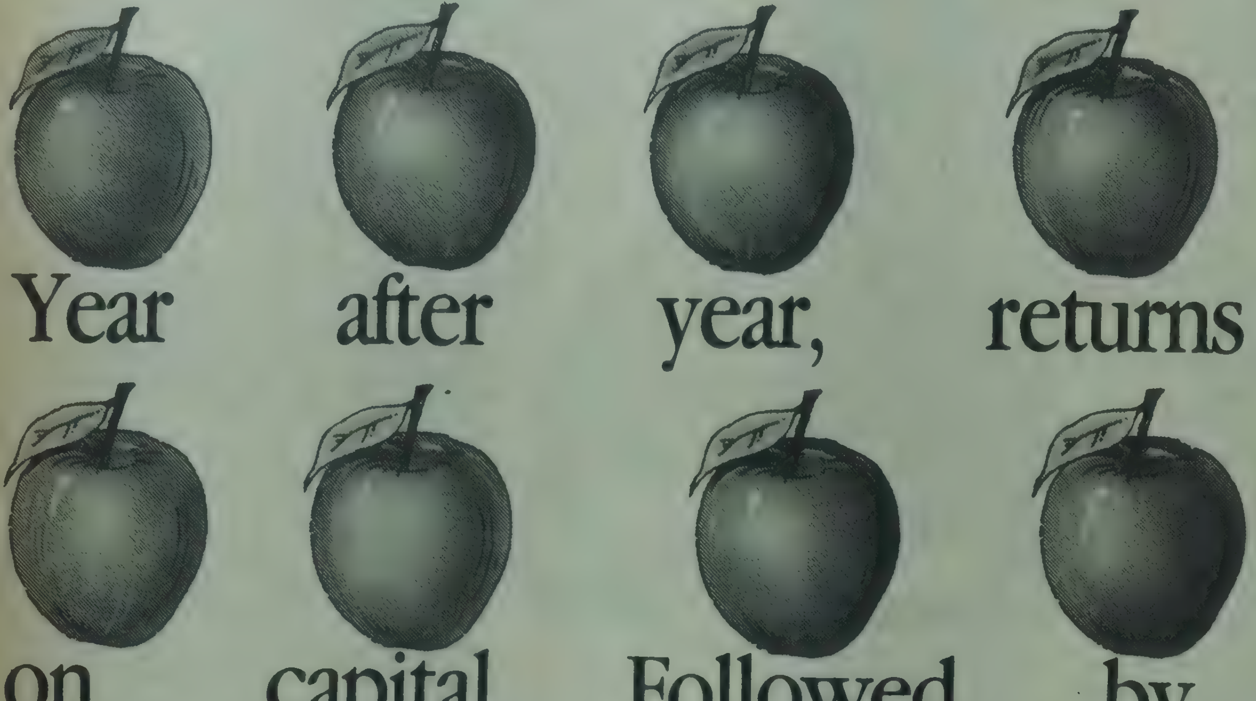

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tonnes of cargo in one case, the charges came down to Rs 7.3 lakhs when labour was indented from the Dock Labour Board at the port. And when the port trust management handled the cargo on its own, the figure came down to Rs 6 lakhs. This, in effect, means that costs were inflated by at least 35 per cent.

Similarly, at Kandla, which is arguably the cheapest port in the country, the issue of licences to five new operators led to at least a halving of stevedoring costs for handling scrap. While BSA members countered this by saying that costs have actually gone up from Rs 84 a tonne to Rs 104 a tonne, Dilip De, managing director of Ranadip Shipping, who conducts stevedoring operations for his principals, Sea-Land at Kandla, refuted the former's charge. "We are able to operate at rate levels that are nearer to one-fourth of those prevailing earlier," he says.

"Liberalisation". De, who has been trying to obtain a licence for stevedoring at Bombay port, feels that the existing operators are getting unduly worried. "I am not suggesting that the floodgates should be opened," he says. "Liberalisation, which we want, is not to pinch other people's businesses, but to handle one's own business. People who control cargo, such as shipping lines, their agents, consignees and exporters should be allowed to start stevedoring, for after all, it is nothing but indenting labour which they will have to do."

Further, De says that unions need not fear the threat of unemployment as new companies will recruit their workforce from among the existing labour in the port. "And what's more, with liberalisation, we can have more rate stability, introduce modern cargo handling techniques, upgrade workers' skills by advanced training, and, above all, bring down port costs to attract more traffic to Bombay." Unless, of course, "survival of the few" takes preference over "survival of the fittest".

SHANKAR P.

Auto industry

World Bank's recipe for a turnaround

If the World Bank has its way, India's automotive industry is in for a greater dose of liberalisation and intensive competition. This is the thrust of the recommendations of a recent confidential report on the status, performance, potential and prospects of the Indian auto industry. This comprehensive review, done by the World Bank with the concurrence and support of the Indian government, and marked "For official use only", stresses deregulation and pushes for a freer play of market forces. And in order to hasten such a course of development, the bank also promises financial and technical aid to the government and the industry.

The bank recognises India's progress in self-sufficiency in the 1970s, but says it is not good enough in international terms of quality, cost and reliability. But the bank is hopeful: "Japan and Korea have proven that when national goals are set and a well planned implementation plan is adhered to, industrial production can be turned around within 1 or 2 decades."

Attractive areas. To achieve this, according to the bank, the strategy for the next decade should be to give top priority to two-wheelers, medium and heavy commercial vehicles (MHCVs) and, particularly, auto components. The two-wheeler and MHCV segments are attractive targets because the expansion of the domestic market itself can push firms to international levels of cost and quality and thereby facilitate increased exports. Moreover, MHCVs are specially important since they are crucial for efficient haulage of commercial goods. They are also high value products with competitive prices, and domestic production is efficient, with scales large enough by international standards.

Telco dominates this segment, way ahead of the number two, Ashok Leyland. To give Telco competition and encourage it to modernise, the World Bank recommends the import of vehicles and reduced tariffs. Alternatively, it suggests encouraging a second manufacturer with world class technical support to give Telco a run for its money. Such competition, the bank suggests, could emerge from Hindustan Motors' proposed plant to manufacture (by 1991) 15,000 MHCVs under licence from Isuzu Motors (General Motors' Japanese affiliate). The bank claims the Isuzu vehicle has marked advantages over Telco's:

Stevedore employees' strike: job security the key issue

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The two-wheeler segment offers the best opportunity for rapid domestic expansion and export. But to do this, says the bank, it is important that both cost/price reduction and improved quality/reliability be achieved concurrently.

The bank is particularly emphatic that smaller, less efficient firms be encouraged to close shop. It quotes the example of Scooters India whose initial equity capital is Rs 7 crores, but whose accumulated losses up to 1984-85 total Rs 65 crores. The report states: "Policies supporting and facilitating freedom of exit are therefore central to the strategic development of the segment."

The bank feels that passenger cars and LCVs should be given a lower priority because attaining the same international levels will prove more difficult and the economy will not be able to afford the high infrastructural costs of continued expansion. However, it notes that there exists a large demand from the richer rural sections for a small, sturdy multipurpose light vehicle — a car or a pick-up.

Components critical. The bank regards the components sub-segment as critical to the overall development of the auto industry. It advocates the same "difficult restructuring steps" being adopted worldwide. Too many companies should not be allowed to fragment the market in each component segment. This would only decrease efficiency and reduce expansion opportunities at the vehicle manufacture level. Rather, there should be fewer firms with larger scales and levels of mechanisation. But unlike in Japan, where there is only one supplier per component, Indian manufacturers prefer two or three suppliers to bring down costs and ensure better delivery.

Consolidation and rationalisation of capacity is something the bank recommends for all segments of the industry. Consolidation can be done through firm mergers and/or closures while rationalising industry structure can be done by streamlining production lines and increasing firm and industry level specialisation.

The bank also recommends the development of common standards (specifications) for components and materials, tooling and equipment, and regulatory requirements of health and safety. To simplify production, it suggests reducing the number of existing standards, designs and models.

The bank chides Indian companies for not showing the "commitment to becoming internationally competitive". Their future project plans reflect "low risk, non-stretching solutions" based on a business-as-usual approach. They rarely plan for aggressive competitive capability. The result is too low capacity, bad plant layouts, minor reduction in manpower and minimal use of proven technology.

To restructure and reprioritize the industry realistically, the bank suggests the formulation of a long term strategy and policy paper, to be debated by both government and industry. A similar approach was used in the US to meet fuel economy and emission regulations in a short time.

The basic theme of the bank's policy recommendations is this: India's regulatory trade and fiscal policies have led to insufficient competition. The consequent high level of market concentration, coupled with protection from imports competition, has led to conservative technological behaviour and inefficient management practices. The final result is poor product quality, lack of innovation and general technological stagnation.

The report frequently bemoans the absence of two important sources of competition: imports and export rivalry. Only these, claims the bank can discipline price behaviour and push firms to innovate.

Two basic objectives bolster the bank's strategy for policy reform. The first is to promote efficiency and continuous technological updating through active competition with easy access to foreign technology. The second is to remove constraints on the growth of the market and efficient manufacturers. This can be done by initiating a "virtuous causality circle", ie, higher demand leading to larger production scales which lower costs and prices which in turn again fuel greater demand.

Remove bans. To reform customs tariffs, the bank suggests a progressive removal of quantitative restrictions and bans on all finished vehicles (except luxury cars above 2000 cc) by raising import quotas. It also calls for a simultaneous reduction in the total customs tariff to a maximum of 50-75 per cent.

Modern automotive applications, especially for fuel efficient vehicles, increasingly use new materials like alloy and higher grade steels, aluminium grades, engineered plastics and rubber compounds. Most of these are not available in India. The bank therefore recommends that all these imports (except lowest grade carbon steel) should be put on OGL and their customs tariffs reduced to not more than 50 per cent. This recommendation is echoed in the World Bank's report on the Indian steel industry, which suggested that tariffs for all steel imports be reduced to 25 per cent over a 5-7 year period, plus gradual removal of quantitative restrictions on steel imports.

The bank also repeats a recommendation contained in its earlier report on export promotion in India: direct and indirect exporters should be allowed access to imported materials at zero or low duty. Alternatively, domestic steel and aluminium must be supplied at international prices.

The bank suggests reforms in the phased manufacturing programmes, which are basically aimed at regulating technology imports. At present, the government stipulates a level of 95 per cent domestic content in value for Indian vehicles. This, according to the bank, implies a ban on further imports of components and deprives the industry of any stimulus to modernise to match the competition from imports. The bank therefore suggests the elimination of this domestic content requirement.

The World Bank thinks MHCVs are important

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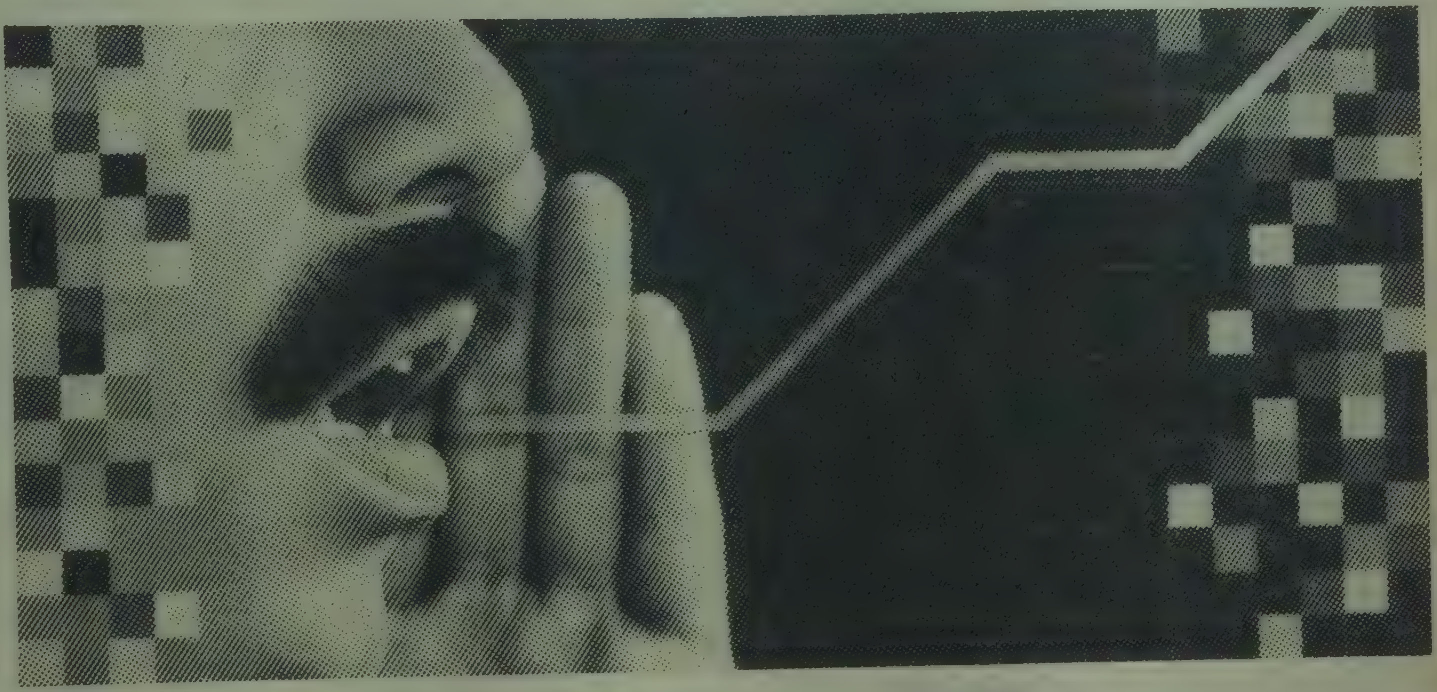

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Also, imported components should not have quantitative restrictions.

A vehicle manufacturer must be free to choose to import a component or buy a domestic substitute, based on price and quality. The next best option, says the bank, is to make the phased manufacturing programmes more flexible. The minimum domestic content should not be more than 75 per cent for two-wheelers and 60 per cent for four-wheelers.

MODVAT style. Indirect taxes are now levied at every stage of production. These, the bank urges, should be eliminated or at least reduced. Shifting them to the final stage of vehicle purchase would simplify administrative procedures. The bank suggests that the scope of MODVAT, despite its several limitations, should be extended to all stages of indirect taxes in the auto industry (including firms and agents currently exempt). Further, exports should be exempt from MODVAT as in industrialised countries using a VAT system. The bank points out that for two-wheelers, because of high price elasticity of demand, lowering the indirect tax rate will lead to faster growth of demand. The bank believes, however, that reducing indirect taxes will not significantly affect total tax revenue. The initial revenue losses will be offset by greater unit sales and increased taxes on corporate income.

The bank also advocates further capacity delicensing, even for MRTP and FERA firms. But it warns that until the trade regime is reformed, regulation should prevent inefficient investment and fragmentation of capacity by units with suboptimal scales of production.

In aiming for this, however, licensing control should shift from capacity to technology. The bank actually suggests scrapping capacity licensing altogether since technology imports have in any case to be cleared by the capital goods import committee and the foreign investment board. The bank advises such delicensing be gradual — two-wheelers and MHCVs first, and later, in the medium and long term, cars and LCVs.

The bank also wants the Sick Industrial Companies Act of 1985 to be further liberalised to prevent easy bail-outs of sick companies through fiscal and other reliefs. Only temporarily insolvent firms should be helped, others must be encouraged to liquidate assets before the cost of liquidation becomes too high.

In foreign technology licensing, the bank desires foreign companies to encourage their Indian counterparts to export. Since buy-back arrangements may not be immediatley attractive, foreign firms may raise their profit margins on CKD sales. The bank suggests that capital goods import be placed on OGL with moderate tariffs, and free access be allowed to technology contracts for process and product licensing. It also suggests delicensing of direct foreign investment through equity participation of up to 25 per cent.

The bank criticises the government's policy to locate modernisation and expansion projects in backward areas. This has thwarted potential economies of scale. Economies of agglomeration are important for auto firms. Larger individual plants lead to pure scale economies. Therefore, the bank suggests, auto firms must be allowed to choose locations (except restricted urban areas) based on trade-offs of cost and benefit.

The bank recommends that products important for the final performance and safety of vehicles (eg, radiators, filters, oil seals, leaf springs) should be de-reserved from the small scale sector. For other products, minority equity participation by larger firms in the small scale sector should be allowed.

Sources of finance. If the government accepts these recommendations, the bank would finance the foreign exchange cost of modernisation, expansion and new projects. Its financial support would focus on the components industry where modernisation and expansion have been slow. In any case, the MHCV segment has firms large enough to arrange finance directly. Many component manufacturers, however, are smaller firms which depend on local institutional finance for foreign currency borrowings.

The bank estimates that such modernisation would require foreign exchange ranging from $150-$250 million. Since small investors will be able to borrow from other sources, the bank's financing would be about $100-$150 million. This amount will be adjusted against possible co-financing by other donors. The bank also expects IDBI and ICICI to participate and agree in principle to follow the suggested investment guidelines.

The bank would also offer technical support if its recommendations are accepted. The aim will be to develop technology centres. In 1986 the Automobile Components Manufacturers Association had discussed with the bank its proposal for such a centre, similar to the Ontario Center for Automotive Parts Technology.

The bank would also extend foreign exchange assistance to ISI (now the Bureau of Indian Standards) for adapting the experience of the International Standards Organisation and other countries to develop new standards and specifications.

The bank notes that the area of tooling and testing is a contentious one. High costs deter the government from establishing a public facility while industry, for its part, shies away because of fear of controls and lack of confidentiality. The components industry already

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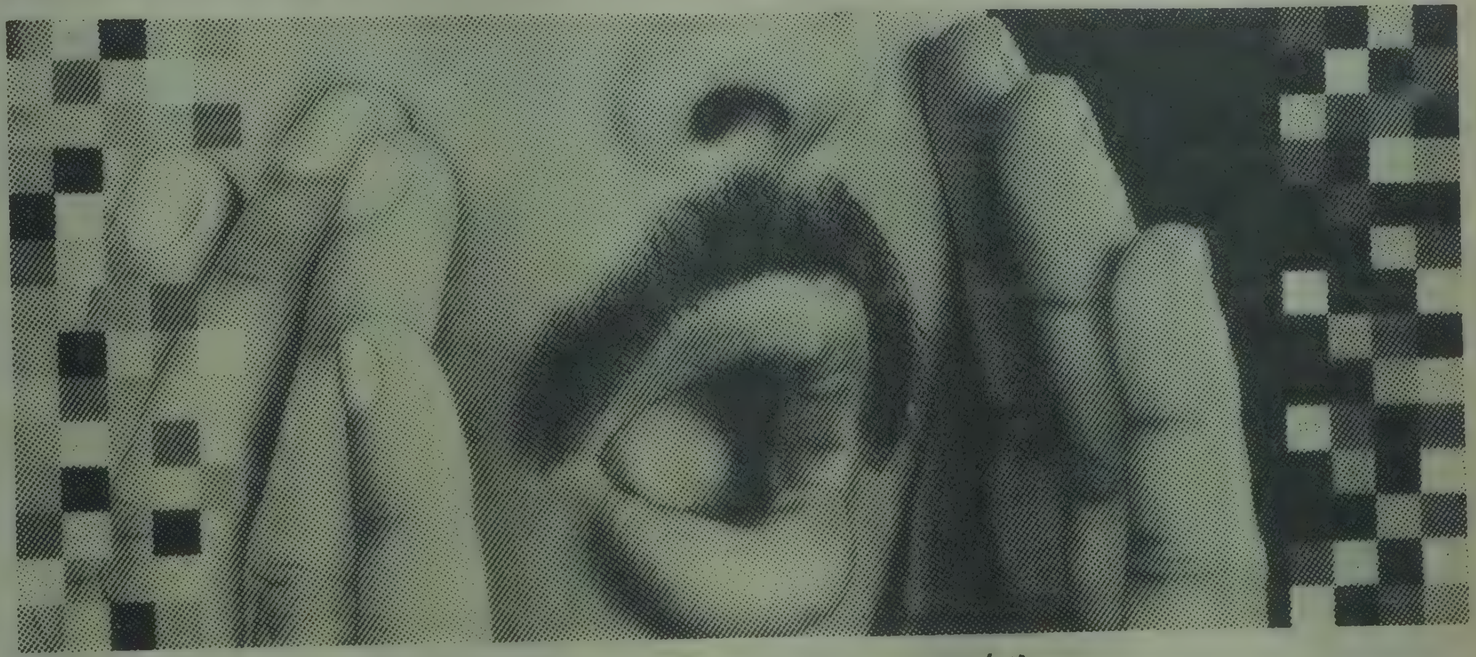

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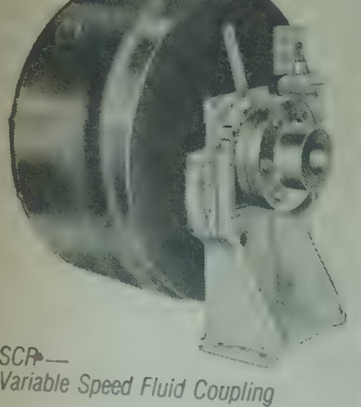

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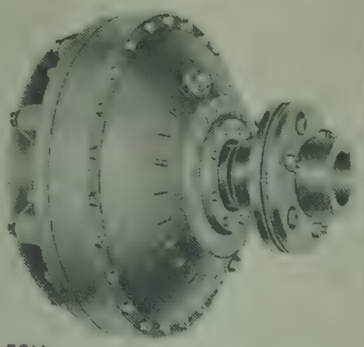

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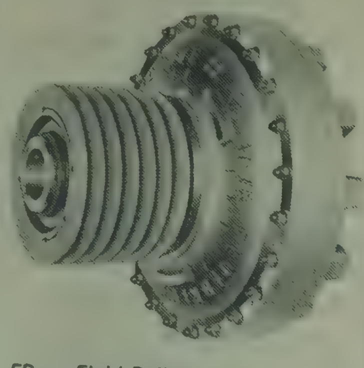

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suspects the Automotive Research Association of India (a government agency funded by auto firms) of being too close to government and not offering enough confidentiality (some auto firms are on its board).

The bank offers balance of payments support too. Its call to reduce protection in the Indian auto industry would first lead to increased imports before these are offset by greater exports. Hence, the bank would finance raw material imports for components.

The bank makes it clear that its support for the Indian auto industry would depend on actions taken to address these policy issues. Its report expresses uncertainty about how fast such an auto policy will be implemented. The other risk, according to the report, is that participating banks are likely to misintepret and depart from the spirit and substance of the investment guidelines.

The bank, however, admits that introducing the necessary quantum of competition "will require a few bold restructuring steps in some automotive segments and the temporary displacement of some enterprises and workers". But these will be dwarfed by the overall benefits of consumer surplus, larger exports and higher labour productivity and employment.

The bank also admits that it could not fully assess the balance of payments and fiscal costs associated with the proposed strategy, but these "appear to be quite manageable."

K. G. KUMAR

Fertilisers

A barren period

To produce or not to produce is the question facing the Indian fertiliser industry. The reason is the acute glut facing the industry for last two years or so, with chemical fertilisers — both imported and indigenously produced — worth over Rs 1,000 crores lying in private sector company silos, state government godowns and warehouses in almost all parts of the country. According to agriculture ministry sources, the worst hit region is the south, with Andhra Pradesh at the bottom of the heap because of continuing drought.

What has aggravated matters, according to an irate marketing executive of a public sector undertaking, "is the continuing imports on the plea that supplies in the pipeline cannot be stopped".

Chief victims. The worst hit perhaps are the two new giant gas-based fertiliser plants at Thal Vaishet of the RCF in Maharashtra and Hazira of Kribhco in Gujarat. Their good performance has only added to the glut, which has been on ever since their operations began. Naturally, therefore, capacity utilisation has had to be restricted, and at times staggered, for more production only ties up capital. And "staggering of production" seems to have become the norm for all "good performing units", to quote an official of the Department of Fertilisers (DoF). To add to the woes of the industry, several units face closure if the monsoon fails again and the offtake during the *kharif* season starting mid-July does not pick up. As it is, the main demand for fertiliser is during the *rabi* season, while the *kharif* demand, even if normal, is not substantial. So the carry-over stocks would not diminish much.

Increasing inventories have hit all the three main fertilisers: urea, DAP and super phosphates. The result is a virtual buyers' market. Wholesalers, retailers and farmers rule the roost, so to speak, and marketing executives have been frantically seeking permission to allow higher rebates.

As against the scheduled price of Rs 3,600 per tonne (PMT) for DAP, the actual selling price ranges around Rs 2,950 PMT — Rs 650 less per tonne after rebates allowed. For urea it is Rs 1,760 PMT against the controlled price of Rs 2,250 PMT, ie, Rs 490 less. A marketing manager of a DAP producer confessed, "I have even allowed rebates up to Rs 960 PMT." Almost all companies are trying to undercut their competitors of as much as they can."

Asked who was losing and who was gaining, a fertiliser dealer replied, "Of course, the company is losing, while the wholesaler keeps Rs 20 and the retailer Rs 40, from the rebate of Rs 960 being given per tonne, the rest of the Rs 900 goes to the farmer."

Cutthroat competition. Why are the wholesalers and retailers getting such small shares? Because there is competition among them too. This correspondent has seen the dealer, mentioned earlier, trying to persuade a marketing executive to "only book my order", but "not supply the quota", so that his dealership remains undisturbed. He was quite willing to deposit the amount for the quota applied for! So money was not the problem; he did not want any supplies.

Interestingly, with a view to bringing some order out of chaos, the ministry of agriculture issued a directive, effective from 10 June 1987, to all production and marketing organisations "not to sell below scheduled or controlled rates fixed" for different fertilisers. But this is being "honoured more in the breach than in practice", said one marketing executive. A public sector marketing executive said cynically, "It is to be seen how this directive is adhered to. I am sure private sector companies will not bother about it. Perhaps we may have to, even if it means adding to the already accumulating stocks of fertilisers produced in our units."

The gloomy situation is affecting at least three private sector entrepreneurs planning gas-based fertiliser projects: Birla's project at Sawai Madhopur in Rajasthan, Tata's at Baraula in UP and Swraj Paul's also in UP at Shahjanpur. All three are now, on one pretext or an other, trying to delay implementation and start of work.

Meanwhile, managements of the three on which work has progressed — Bijaipur under NFL, Aonla under IFFCO and Jagdishpur under Indo-Gulf — are distressed at the sales prospects, and are keeping their fingers crossed, hoping that when their plants go into operation, the situation will improve.

All attention is meanwhile on the errant monsoon, for much depends on it.

R. S. MATHUR

Rubber plantations

A looming threat?

Do Kerala's rubber planters have reason to fear an imminent outbreak of the South American leaf blight which ravaged rubber plantations in Guyana, Panama and Costa Rica in the early part of this century? Perhaps not. Yet the fact that Malaysia has recently felt it necessary to take precautionary measures is an indication of the serious view that other rubber growing countries have taken of the matter. We would be shortsighted, not to say reckless, to underestimate the threat.

Similar conditions. According to Thomson T. Edathil, a scientist at the Rubber Research Institute of India (RRII), who was awarded the South American Leaf Blight Fellowship of the International Rubber Research and Development Board (IRRDB), climatic and weather conditions in the rubber growing tracts of Asia and Africa are similar to those in South America, which make them extremel susceptible to the blight. Well distributed rai suits the disease, whose severity depends o the pattern and distribution of rainfall. I South India, the north-eastern monsoon bring on rain during the afternoons and evenings keeping the leaves wet longer. This facilitate infection.

The fungus which causes the disease *Microcyclus ulei*, also needs high humidity fo production and germination. In Sout America, a relative humidity of over 95 pe cent for 10 consecutive hours over 18 day triggered a severe outbreak of the blight. Th fungus thrives in an optimum temperature under 23 degrees C. Such conditions abou in many parts of Asia and Africa. And sin plantations here are often contiguous, le

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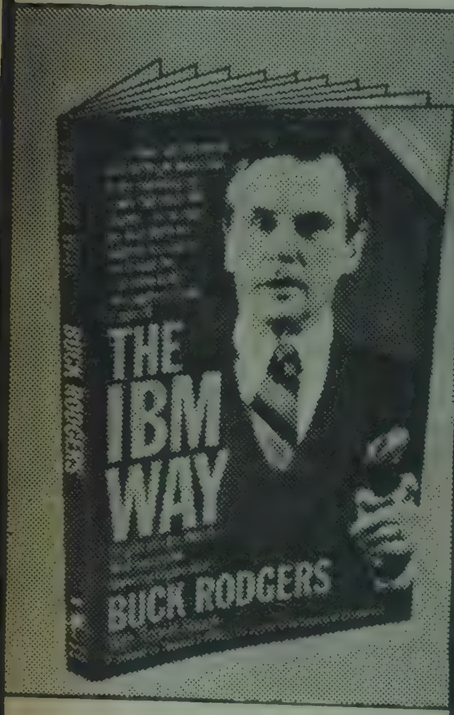

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Examining rubber seedlings

blight, once introduced, would spread rapidly.

The disease manifests itself first on the underside of tender leaves as dull grey-black lesions covered with an olive-green mass of fungal spores. The growth of the infected leaves is arrested, they crinkle and shrivel and those younger than 10 to 16 days fall. Older leaves are left ragged and full of holes. The secondary stage brings on dark rings of spores on the topside of older leaves. When these fall naturally, they provide a source of infection for new foliage. According to Edathil, this causes repeated rounds of defoliation, diebacks of the shoots and even the death of mature trees.

Many argue that since the rubber tree has existed for about a century in the Orient without being struck by leaf blight, any alarm is needless. Edathil, however, cautions against such complacence. He recalls the history of coffee leaf rust which originated in East Africa and almost destroyed the Asian coffee plantation industry more than a century ago and, more recently, hit Brazilian plantations too.

High risk. The leaf blight fungus can be carried by the host plant, other plants and their parts, animals and man. Persons merely walking through an infected plantation are likely to carry spores of the fungus under their finger nails or on their clothes. Thus, says Edathil, there is a high risk of accidental introduction into Asia and Africa.

What can be done if leaf blight descends on India, viz, on the rubber plantations of Kerala? Edathil advocates immediate and complete eradication by a defoliant, viz, n-butyl 2,4,5-T. This has been successfully tested in Malaysia, which has drawn up contingency plans for aerial spraying to fight the outbreak of the disease. Chemical control through fungicides has also produced encouraging results. India could opt for fogging as a cheaper and easier alternative to aerial spraying. Also of promise is the technique of crown budding.

But the more permanent way of combating leaf blight is to use breeding techniques to develop clones resistant to the disease. Two American companies have had success with such programmes. The Ford Motor Co. has produced promising clones in Brazil, and Firestone Rubber Co. in Liberia and Guatemala. In Asia, the Rubber Research Institutes of Malaysia and Sri Lanka have attempted breeding resistant clones. But, compared with modern oriental selections, their yields were depressed.

Edathil, however, stresses that prevention is the best insurance against leaf blight. Since the spore forms of the fungus can survive up to two weeks or more in normal conditions, Edathil calls for stronger quarantine measures for travellers from the American tropics to the eastern hemisphere.

The Rubber Research Institute of Malaysia, for example, stipulates that travellers from leaf blight-endemic countries should stop over in Europe or temperate North America for at least four days. The IRRDB is also disseminating information about the disease through airport posters and training of scientists.

Surely the Rubber Board and the RRII ought to draw a lesson from these organisations in dispelling ignorance about the threat posed by the South American leaf blight. At the very least, they should gear themselves to combat the disease in the event of its introduction into India.

K. G. KUMAR

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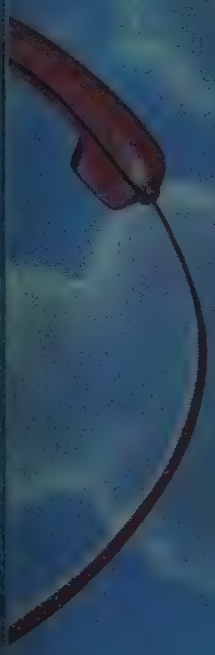

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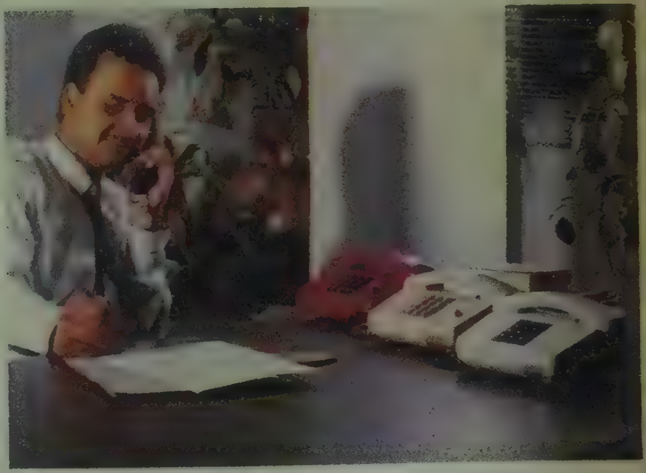

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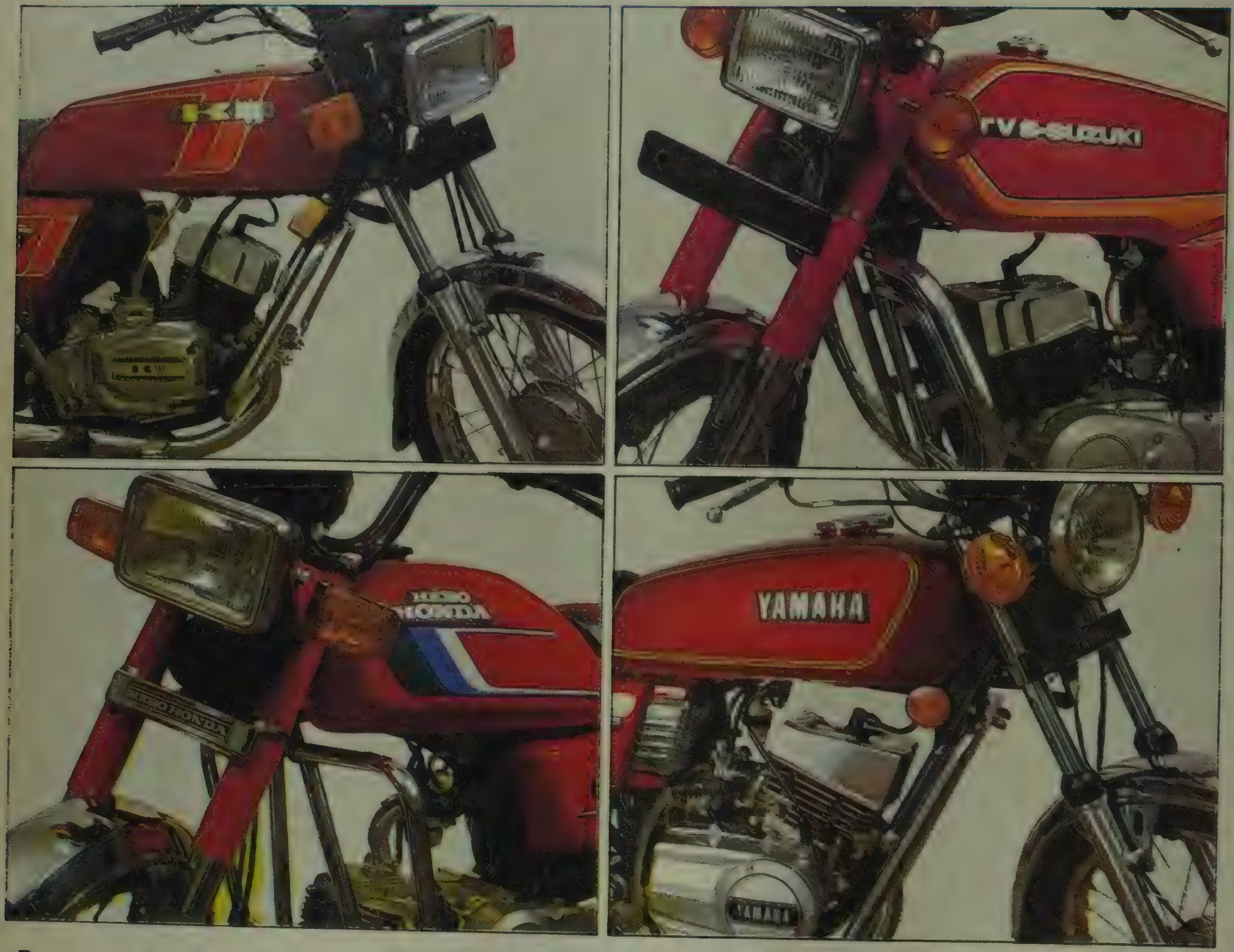

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Economic Indices

Foreign trade

According to the Centre for Monitoring Indian Economy, India's foreign trade deficit declined by Rs 193 crores (39.15 per cent) to Rs 300 crores in April 1987 compared with the same month a year ago. Exports durng April 1987 rose by Rs 381 crores (41.9 per cent) to Rs 1,291 crores, while imports increased by Rs 188 crores (13.4 per cent) to Rs 1,591 crores.

Power availability

Power generation in May 1987 was 16,046 million units, an increase of 6.7 per cent over the same period a year ago.

Prices

During April 1987 the consumer price index for industrial workers showed an increase of 0.7 per cent over the previous month. It was however 7.5 per cent and 16.3 per cent higher than its level a year and two years ago.

During the week ended 13 June 1987 the wholesale price index was 391.3, showing a 0.3 per cent increase over a month ago. It was 5 per cent higher than in the corresponding month a year ago.

During the same period, price rises were registered by fibres (44.8 per cent), edible oils (34.1 per cent), cotton textiles (8.5 per cent), jute, hemp and mesta textiles (7.2 per cent). Declines were noted by petroleum crude and natural gas (38.4 per cent) and sugar gur and khandsari (9.8 per cent).

Money supply

During the fortnight ended 19 June 1987 M3 (which includes currency with the public plus demand and time deposits with the banks plus other deposits with the Reserve Bank of India) increased by Rs 1,150 crores (0.80 per cent) to Rs 144,751 crores.

Finance and banking

Public finance: During the week ended 19 June 1987, the amount of outstanding treasury bills decreased by Rs 296 crores (1.16 per cent) to Rs 25,230 crores.

Scheduled commercial banks: During the fortnight ended 19 June 1987 aggregate deposits increased by Rs 1,420 crores (1.37 per cent) to Rs 104,583 crores. Bank credit decreased by Rs 66 crores (0.10 per cent) to Rs 62,926 crores.

During the same fortnight net bank credit (RBI and other banks) increased by Rs 606 crores (0.79 per cent) to Rs 77,253 crores. Bank credit to the commercial sector increased by Rs 168 crores (0.18 per cent) to Rs 92,402 crores.

Interest rates

During the week ended 19 June 1987 the following interest rates prevailed — IDBI: 14 per cent; NABARD: 6.50 per cent; call money rates (Bombay): 8.73 per cent; Exim Bank (suppliers credit): 8.5 per cent.

Bullion prices

The price of standard gold per 10 grammes increased by Rs 12 during the week ended 19 June 1987 to close the week at Rs 2,742. The price of silver (per kg) increased by Rs 20 to close the week at Rs 4,954.

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THE ECONOMIC TIMES

BOMBAY MONDAY APRIL 20 1987

Power cut in A.P. too

An adequate availability of power has been the key factor in attracting a variety of new industries to Andhra Pradesh in recent years. There has been a dramatic change this year with the state finding itself in the throes of a crisis nece ting an informal power ging from 40 to 60 p indu

ly for political reasons, has now been forced to accept the reality of the situation. It has been estimated that the 60 per cent cut will affect about 200 HT industries and the 15 per cent cut nearly 2,800 industrial consumers. The worst hit are large number of cement ich have no captive complacency surplus in nsi-

have produc- nes, as has in neighbour- is not known. nment concen- up the power a Pradesh will d itself to be a perma- ly power deficit state with disastrous consequences on in-

the the zones tum o cut. Whe and cry aga the arrangement, the which was fighting

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Overview

by Romesh Thapar

Institutional disarray

We know our nationalised banks where lazy clerkdom and decrepit systems of check and counter-check yield such confusion and queues that one wonders whether there is some other easier way of holding money. And a look at the very heart of the State Bank of India, which is the sole authority handling activities like deposits to the Public Provident Fund, the chaos is to be seen to be believed.

We know that the vast Life Insurance Corporation, busy expending equally vast funds on its buildings and behaving like an unscrupulous landlord, is another point of harassment for persons who do not have the necessary influence or clout to process their policies. The delays are phenomenal, and must certainly shorten the lives of its millions of customers.

We know of the sleazy governmental hotel networks which succeed only in servicing the guests of government and always fail when competing with the enormously profitable privately-run operations where even ice and water is often paid for. The effort nevertheless is five-star. The foreign exchange input is supposedly for tourists from abroad, but the Indian elite really takes over these facilities.

Aiding the process of maintenance-neglect is tax evasion which denies utilisable resources to various agencies of renewal. Small wonder that we in our dishonest verbiage are always cynically amused when reminded of our commitments to democracy, secularism and socialism

We know that the electric system, from year to year, establishes its continuing breakdowns by cutting power to its consumers without notice or by burning out a variety of the citizen's equipment with low voltages or voltages that are for ever fluctuating or flickering. Apologies are tedious and repetitive, we keep praying that the "cuts" will be minimal even though the bills are leaping upwards.

We know that our telephones will take an age to catch up with the more developed areas of the world, that new electronic exchanges are being installed to function on ancient cables. If training at various levels is neglected, it is because the technological challenge is so varied. A mix results in a mix. Far off Khatmandu provides better service than we do.

We know from the rattling of our aircraft that we invite risk every time we travel on one of our airlines. If it is not pilot error, it is maintenance error — and despite the fact that the prime minister of this saddened land is a product of this "culture". We now have planes in the air with lavatories almost as dirty as the ones on the ground. No one is willing to play the role of cleaner in the air, so maintenance naturally takes a nose-dive.

We know that our institutions of learning — schools, colleges and universities — are no longer the centres where knowledge is sought. Lecturing is wayward, libraries have been cannibalised, diplomas and even degrees can be purchased, and there is little respect for the educated. In fact, even the buildings that house these institutions look as if mob battles were fought over them.

We know that every government office, whether for ticket reservation, billing problems, or for serious discussion, looks ravaged, neglected, untouched by care. How can they be otherwise, when the hospitals designed and erected to fight disease are its filthy propagators. No one protests. We have become accustomed, or have adjusted. And why not? Even the grimiest institution is a blessed palace when viewed through the eyes of a peasant trailing behind in the countryside.

We know that our public services, particularly transport, look and perform as if on their last panting effort. Not a bus is undamaged. Not a driver is ashamed. It doesn't really matter. Don't we allow our people like animals to defacate on the street in full public view? Whatever else, we are consistent.

We know that for confirmation of this immutable truth, we can turn to our machine centres. Seldom has the machine been treated as if it were a total illusion. In fact, visitors are amazed at our capacity to produce anything from these misused and misnamed machines. We have become expert junk-makers, and may well become expert re-processors. Necessity will compel us.

The more the disarray the more institutions are being treated to double-talk by chairpersons and managing directors. It must be stopped as an ego-balm for persons whose performance is slovenly. We need more self-criticism, honest and deep

And we know that we have established a number of rather remarkable "firsts" in this shrinking world of ours where nothing remains a secret. We now have a sizeable "sick sector" which consumes anything up to Rs 500 crores per year. Our nationalised banks charge anything from 10 per cent to 30 per cent for processing ordinary cheques. We have no accountable record of our reserve foodgrains stock said to be about 25 million tonnes, and some 15 per cent is regularly attacked by all manner of pests.

Aiding the process of maintenance-neglect is tax evasion which denies utilisable resources to various agencies of renewal, practices that encompass something like 50 per cent of the money flow. Small wonder that we in our dishonest verbiage are always cynically amused when reminded of our commitments to democracy, secularism and socialism. Such obvious ballyhoo.

I suppose the annual general meetings of financial and business institutions are so distant from these realities of day to day functioning that the speeches of chairpersons and managing directors have little to do with reality. Sometimes, when I read these perorations from the nominees of a corrupt political leadership, my temptation is to catch them by their distinguished necks and let their tormented *clientele* deal with them.

The more the disarray the more institutions are being treated to this double-talk by chairpersons and managing directors. It must be stopped as an ego-balm for persons whose performance is slovenly. We need more self-criticism, honest and deep. Then, maybe, we could begin to rise from the mess that engulfs us and for which we, as a people, are largely responsible. A thought, and particularly in these times of disarray. □

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Cabinet changes: subtle signals

Lending an ear to the voice of political experiences

The long awaited cabinet reshuffle that the prime minister finally chose to effect last fortnight raised many expectations. In terms of timing, the urgency of the changes to be made was more than obvious since it was done in an almost unseemly hurry, barely hours after the swearing in of the new President. Though some were disappointed by the fact that only a few people were affected, there could be no doubt what the message was.

Allocating to N. D. Tiwari two vital and very powerful portfolios like commerce and industry was a clear sign that Gandhi believed it was time that political leadership, of the kind that Tiwari represents, needed full expression in the finance portfolio. Tiwari had long set his sights on the position of finance minister. But even he could not have expected that he would get the additional charge of commerce. It is understood of course, that commerce is probably a temporary charge.

Perhaps because of his track record in the industry ministry and the fact that he has an open and accessible style of functioning, Tiwari's appointment has cheered industry circles. The stockmarkets reacted positively and are poised to climb even further as soon as the right signals are available. Though Tiwari's stewardship of the finance ministry is going to be clouded by the furore over Swiss bank accounts, FERA violations, etc, he has most of his work cut out for him.

However, for the moment, most of his staff, inherited from V. P. Singh's time, remains largely the same. Finance ministry officials suggest that when Tiwari begins to get his act together, he may opt for a new team. But industry insiders are worried that not much by way of a fresh approach can be expected, given the nature of some key officials who are firmly in place.

Tiwari's appointment is also a sign that Rajiv Gandhi now understands the important role UP politics is likely to play in the near future, specially in the context of V. P. Singh's current campaign.

To the public at large, the other significant change is the demotion that Shiv Shankar has had to suffer. This time around, Shiv Shankar has been given ministries where his public dealings are minimal. It is expected that when the next reshuffle takes place, he will be left in charge of just the law ministry — one close to his heart, if not his actual abilities. Though Shiv Shankar must have hated being removed from the influential post of commerce minister, it is understood that he is now busy trying to retain his position of power with the prime minister's coterie and has for the moment salvaged his seat on the prestigious CCPA. How much longer this great survivor will be able to retain his position is of course, not yet clear.

Another significant major change is the appointment of M. L. Fotedar as a cabinet minister of full rank. While this certainly eliminates Fotedar from the parallel power centre that used to function out of the prime minister's residence, that concept itself has not been totally abandoned. Though there are currently hints that Satish Sharma, the last surviving member of that power centre, is understood to be considering moving his office from Race Course Road, it is likely that the structure, as it exists now, may be retained for the moment. With Amitabh Bachchan discredited and Fotedar in a cabinet position, the composition of the 'home team' around the prime minister's residence is still a matter of speculation. Rumours, hastily denied, of R. K. Dhawan's induction were also discarded.

With all these changes, the power equation has changed in ways that will affect several decisions to be taken in the next few months. Tiwari's record of a rather lukewarm response to the process of liberalisation may well find an echo in his handling of the finance ministry. Similarly, now that Shiv Shankar and M. L. Fotedar, who have long been powerful factors, are out of everyday confabulations, another new power equation is likely to emerge. The outlines of this are not yet clear.

Welcome separation

Bureaucrats and some politicians as well are worried that an altered system has been instituted for senior appointments in the central government. Under the old system, ministers as well as secretaries of individual ministries had a role in deciding who would be chosen to fill up key vacancies in their ministries. Now, vacancies are notified a little in advance. A committee under the cabinet secretary then prepares a short list. This is created independently of the ministry and only then is a process of consultation begun before a final choice is made. The committee uses such criteria as seniority, sex, state cadre, training, etc, to draw up the short list. Apparently the method, which came into operation less than a few months ago, has been fairly successful. At the moment, the ministry of personnel claims that 90 per cent of their suggestions are accepted. Exceptions have only been made when there is a very good reason for them. As a result, ministerial interference has been reduced to a minimum. Where a disagreement arises, the committee is entitled to inform the prime minister's office if bureaucrats use ministerial pressure to change the list.

While it is still too early to decide whether the current pattern of choosing officials for the top slots will help select a better kind of officer, there is no doubt that the new method ensures a greater separation between the politician and the bureaucracy which is probably good for both.

DILIP CHERIAN

SAIL:

Will it succeed?

The Steel Authority of India is a sick public sector giant. With its plants overmanned, outdated and neglected for many years, the task of revitalising an organisation which employs nearly two-and-half lakh people is one that would daunt the most intrepid manager. This task has fallen on the shoulders of V. Krishnamurthy. There are signs that, given the political will, the impossible may be achieved. The question is — will sense prevail and is the political will in evidence?

"The growth of agriculture and consumer goods industries hinges upon the advance made in heavy industry... Probable steel demand is expected to rise to over 100 million tonnes by the end of the century. In line with worldwide trends, India would have to rely on large complexes (of up to 10-12 million tonnes annual capacity each) for the bulk of the above steel. India is well endowed with the raw materials and other conditions necessary to produce the lowest cost steel in the world, and therefore well placed for export... Steel could easily become the largest single earner of foreign exchange so vitally required for further development... To enable the new state undertakings to operate successfully, a reorganisation of the management structure, giving it greater administrative and financial autonomy, is necessary."

Extract from the summary of the Fourth Sir M. Visvesvarava Lecture, 'Steel in India — Economic and Technological Possibilities', delivered by Dr M. N. Dastur in Bombay on 4 February, 1961.

Dr Dastur's vision of 100 million tonnes per year of steel to be produced in our country by the end of the century is often quoted out of context by those who sneer at earlier dreams of a heavy engineering base for the Indian industrial economy, and who would like a sensational illustration for all that has gone wrong with our planning process. But Dastur had sounded a clear and unequivocal note of warning as early as 1961 — that if the public sector steel plants were to operate successfully, greater administrative and financial autonomy was essential.

Today, 26 years later, the Steel Authority of India (SAIL) is a sick giant. Its plants are frighteningly overmanned, and their technologies are obsolete. Even at the initial stages, when these plants were new and state-of-the-art, they made only marginal profits because steel

Krishnamurthy has inherited Herculean problems — but the general feeling is that he must be given maximum co-operation prices were pegged low, way below international prices; subsequently, with deteriorating plant performance (and with a paralysed management doing nothing to check the rapid downhill slide), SAIL made losses for years. Fifty years after the first integrated steel plant was set up in our country by Tata Steel (TISCO), India continues to import 2 million tonnes of steel annually, valued at Rs 800 crores in foreign exchange.

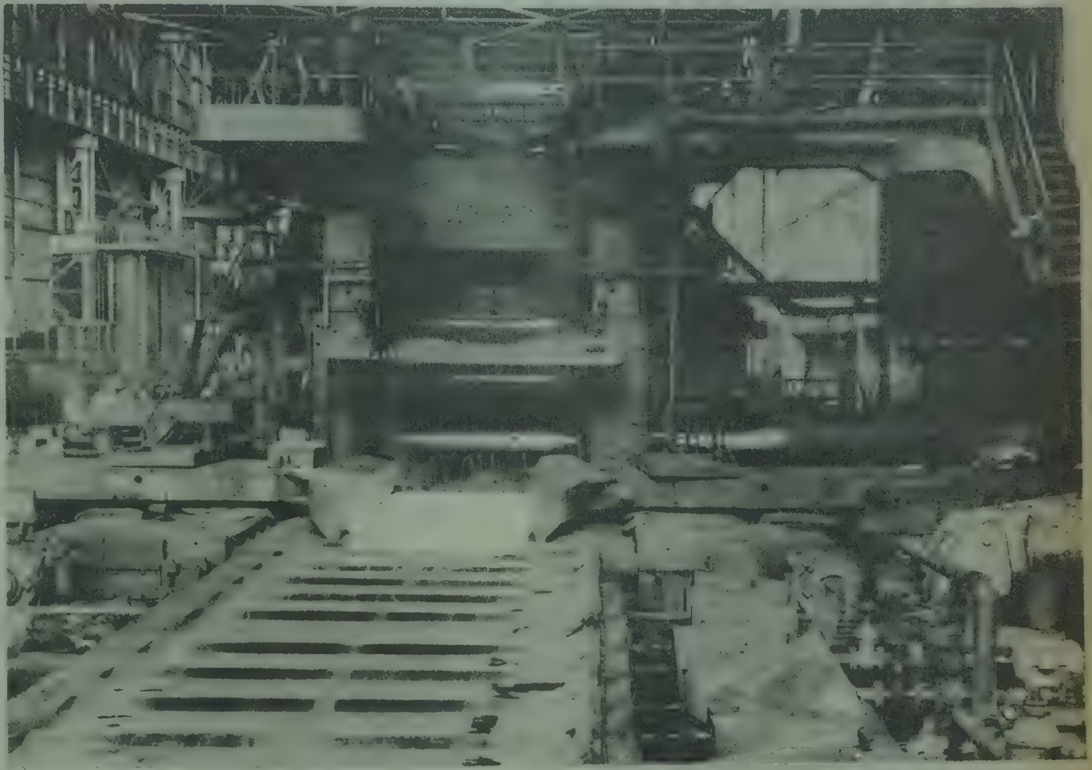
And yet, according to the latest corporate rankings, SAIL is the second-largest public sector undertaking in the country in terms of capital employed (and therefore, second largest *per se*, since the private sector is far behind our giant state undertakings). SAIL ranks just below the Oil and Natural Gas Commission (ONGC), with its capital employed in 1985-86 being Rs 8,492 crores, compared with the ONGC's Rs 10,048 crores.

But to be interpreted correctly, these figures need a relook. SAIL's assets were created largely in the early sixties or the seventies and therefore these historical costs cannot really be compared with the ONGC's much more recent investments. The replacement value of SAIL's assets would be many times more than the nominal figures disclosed in its accounts, and if this exercise was really done, SAIL would easily outstrip the ONGC. In reality, SAIL is the largest industrial undertaking in India.

SAIL today directly employs 2.5 lakh people, and this figure would be exceeded in our country perhaps only by Coal India and the Food Corporation. It owns and operates five integrated steel plants, two alloy steel plants, centralised research, development, engineering, technology and training facilities, and 25 mining operations that produce coal, iron ore, limestone, dolomite, quartzite, and fire clay — all of which are located in the eastern part of the country; a head office in Delhi, 44 sales and marketing offices and 60 stockyards throughout the country.

SAIL's four integrated steel plants at Rourkela, Durgapur, Bhilai and Bokaro have a total capacity of 6.6 million tonnes per annum (tpa) of saleable steel, and in 1985-86 actually produced 5.5 million tonnes. The Indian Iron and Steel Company (IISCO), now a wholly-owned subsidiary of SAIL, has a nominal capacity of 1 million tpa, and produced 0.5 million tonnes. SAIL had a turnover of Rs 4,680 crores in 1985-86, and IISCO Rs 488 crores.

The foregoing statistics, while doing much to indicate the giant size of SAIL, must be seen in perspective. Set against relevant data, SAIL is small by international standards. Large integrated steel plants in Japan have capacities of 10 million tpa, and even a medium-sized plant can be of 6 million tpa size. If TISCO is included, the total capacity of integrated steel plants in this country is under 10 million tpa; against this, Russia produced 160 million tonnes in 1986, largely from integrated steel plants, Japan produced 98 million tonnes, and the US 74 million tonnes. India ranks sixteenth in the list of international steel producers.



Rourkela has failed to realise its advantage in both labour and material costs

By world standards, therefore, SAIL is not very large; and it is inefficient. Much is made by steel users in this country of the relatively much higher cost of domestic steel compared with imports. But it should be remembered that steel producing countries are currently exporting steel at rock bottom prices, much lower than their own domestic prices. Moreover, domestic steel in this country attracts levies of about 30 per cent. Nevertheless, the fact remains that net of levies, Indian steel is priced at levels somewhat more expensive than prices worldwide.

And yet, India has labour costs far, far, lower than international standards, and an abundance of iron ore. Dastur's vision in the early sixties could well have been achieved. Unfortunately, India has really thrown away every advantage it had, created its own impediments, and failed to harness its technical talents. Barring a *deus ex machina*, the steel sector today sees little possibility of redemption.

Internationally, after the oil shocks of the seventies, the steel industry worldwide affected substantial cutbacks of capacity, labour productivity improved sharply as the older plants where phased out, and raw material and energy usage saw great improvements with substantial upgradation of technology. Firms and countries that have invested heavily in new techniques, today have significant cost advantages over older producers. And in this race, India has been left way behind.

For example, the coke rate (the amount of the fuel required to produce one tonne of iron) is 821 in the case of SAIL, and 745 in the case of TISCO; while the figures for Japan, Korea, and the US are respectively 450, 480 and 500. Again, the shipments of steel per employee are 434 tonnes in the case of Japan, and 594 tonnes for Korea. In India, the figures range between 46 in the case of Bhilai and TISCO, and 18 in the case of IISCO.

To proceed a little further, a comparison of SAIL's variable costs with those of other major international steel producers is instructive. For example, in Rourkela, material costs were 20 per cent of the total, energy costs: 43 per cent, labour costs: 7 per cent, and other costs: 30 per cent. In the case of Japan, the figures are, material: 22 per cent, energy: 35 per cent, labour: 24 per cent, and other costs: 19 per cent. What this reveals is that Rourkela has actually failed to realise the advantage it has in both labour and material costs.

Wage rates are at least 10 times higher in Japan compared with India, but in variable labour costs of steel, the figure for Japan is only three times higher. Again, iron ore prices are roughly three times higher in Japan, yet variable material costs are roughly the same in absolute terms for Rourkela as for Japan. The Japanese steel industry has made such significant advances in both technology and processes that it has completely bridged its comparative disadvantages.

The gloomy picture of India's backwardness

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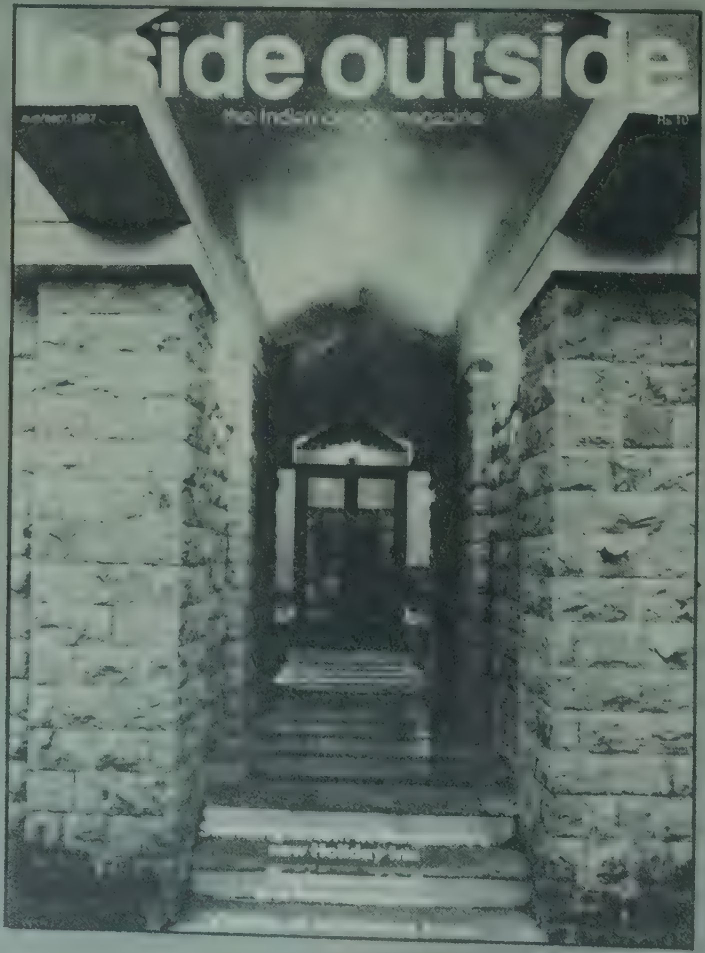

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looks even worse when it is considered that Rourkela, Durgapur, Bokaro, and Bhilai are all in different stages of obsolescence, and virtually nothing has been done for the last fifteen years to halt the slide. Even in its most difficult years, TISCO spent Rs 50 crores per year on its ongoing maintenance and capital replacement programme. The corresponding figure for the SAIL plants would be about Rs 5 crores each. The IISCO plant at Burnpur is actually on its last legs, and may have to be closed down in a few years unless urgent remedial action is undertaken literally now.

The expansion programmes for Bokaro and Bhilai to double capacity to 4 million tpa each have dragged on for years. In the case of Bhilai, a techno-economic report was first prepared in April 1966, and site levelling work started in July 1972. The cost, first estimated in January 1975 was about Rs 1,000 crores; the final figure may be more than twice as much and the work is not yet complete. In the SAIL brand of doublespeak, all this effort to achieve full capacity (never achieved in the first place) is called "debottlenecking". The story at Bokaro is similar.

The government is currently building a 3 million tpa integrated plant at Vishakapatnam. An eminent steel technologist says that a 4.5 million tpa plant would have made greater economic sense, but the decision makers chose the lower figure, mainly because of "paucity of funds". The first capital cost figures that were mentioned were around Rs 4,000 crores; after time overruns which have gone into several years, the actual figure may be nearer Rs 10,000 crores.

Vizag's viability, even at the earlier project cost estimates, depend on producing as early as possible; but the incredible delays seem to have gone virtually unnoticed (or have been swept under the carpet) by the bureaucrats and politicians in the ministry of steel. Vizag's steel melting shop took seven years to set up, and cost Rs 270 crores; exactly the same facility was set up by TISCO in two and a half years, in Rs 139 crores. Well-informed observers feel that even if steel prices were to be doubled from current levels, Vizag would still make losses.

Yet, steel is essential for any growing economy, and for a country like India, the need to produce steel efficiently and cheaply is vital for economic survival, let alone growth. Though it is obvious, it ought to be emphasised that usage of steel in any economy is directly correlated to other important indicators of strength, and there is a circular, reinforcing effect between steel usage and economic growth. Despite limited substitution in the economically advanced countries, studies have conclusively demonstrated that the competitive position of steel against other metals remains unbeatable, and that the competitive edge arises out of the fact that steel is the cheapest to make.

As a result, steel worldwide, in tonnage terms, continues to be 10 times as important as all the other metals added together. Petrochemicals, fibre optics or electronics, which we currently hear so much of in our country as "sunrise industries", cannot really substitute steel to build dams for irrigation, houses for our exploding population, and machinery for industry. Yet, the per capita usage of steel in our country is minuscule compared with even some of the developing economies.

It is against this overall background that V. Krishnamurthy's efforts to revamp SAIL must be viewed. Krishnamurthy was appointed chairman in 1985 for two years, and subsequently, a few months ago, his term was extended by another three years. Krishnamurthy has been trying to restore work discipline at SAIL; he has been trying to restore systems, and has also been talking of a capital spending programme to modernise plant and equipment which will entail about Rs 7,000 crores to be spent over about seven years.

While speaking in terms of the highest approbation about Krishnamurthy himself, well-informed observers have doubts whether a single man can really achieve this Herculean task, especially given that his term runs for only two and a half years more. But to understand the dimensions of his task a little better it is necessary to recount a little of history, and briefly look at the individual problems of each of the steel plants.

A few decades ago, India was the leader in steel among developing countries. Highly efficient integrated steel plants had been set up in this country as early as in the twenties. TISCO and IISCO held several records even in the post-independence years — for example, TISCO's "A" blast furnace produced in May 1941 the maximum amount of iron anywhere in the world, and this record still holds good within the given parameters.

The point that should be underlined is that there was *consistent* high performance at TISCO and IISCO. The Indian steel industry even at that point of time had the problem of higher investment cost — this problem notwithstanding, it was the cheapest international producer. Pre-independence, when TISCO went in for its first expansion, the Tariff Commission sliced the price of steel on the basis of the argument that economies of scale would allow for lower costs. After the expansion was completed, TISCO cut its fuel bill by 30 per cent in four years! And when the new public sector steel plants went into production in the early sixties, they produced to capacity, and overall, very efficiently.

When the Rourkela, Durgapur and Bhilai plants were being built, the new recruits to these steel plants were an inspired lot; their dedication was reflected in these giant installations being set up in record time. Nevertheless, there was perhaps an over-dependence on foreign consultants — the Germans, the Russians and the British — to the exclusion of the professional talent which already existed within the Indian steel industry.

Bhilai's expansion programme has dragged on for over 20 years!

Rourkela was orginally conceived as a 0.5 million tpa plant — and though the capacity was subsequently raised to 1 million tpa, the inbuilt physical limitations remain a major drawback for a steel plant in a country like India.

At least, Rourkela incorporated an LD furnace which was a state-of-the-art aspect in the early sixties. Durgapur, on the other hand, suffered in its technology, since the British were already falling behind. On the other hand, when the Russians set up Bhilai, the first steel plant undertaken by them outside the Eastern bloc, they put in a plant with substantial over-capacity and therefore highly underrated. As far as the Soviets were concerned, the plant had to be a showpiece, had to produce easily, and cost was no object. The Russians sent their best men to India, and while Bhilai's technology was inferior to Rourkela's, the final physical capacity of the plant was guaranteed.

After the heady first few years, production targets started slipping in all the plants. These plants are thirty years younger than TISCO's, yet Jamshedpur's blast furnace productivity today remains on a par with, if it does not exceed that of Bhilai. The same inspired and dedicated team of professionals who built the public sector plants are today manning the installations. And yet, performance has declined.

The fundamental reason, of course, is obvious — the peculiar ethos of our public sector. Or to call a spade a spade, the fact that bureaucrats and politicians have teamed up to literally castrate the public sector manager. A steel industry professional remarks, "It is something which goes beyond belief — but in the public sector steel plants, there has been no ongoing maintenance for years. Such maintenance is an essential and elementary exercise, nothing to do with technological upgradation or modernisation. The current capital expenditure plan looks very large simply because SAIL has to remedy years of backlog in ongoing maintenance."

SAIL has to obtain clearance from the government for any programme of capital expenditure in excess of Rs 20 crores. This is as per the company's articles of association, drawn up in 1973, in which matters explicitly reserved for the decision of the President of India includes this item, together with any agreements involving foreign collaboration, the annual as well as five-year plans of development and the company's capital budget, and the appointment of any person aged 58 or more where the proposed pay would exceed Rs 2,500 per month. In addition, the President of India "may issue such directives or instructions as may be considered necessary with regard to the conduct of business affairs by the company".

Thus, the ultimate authority of SAIL is not its board of directors, or even the government acting through the board, but government *as* government. All vital decisions on organisational matters have been taken *outside* the organisation.

In effect, what this has meant is of course that the chief executive officers have been doormats; and in any organisation where this is the case, systems are destroyed. Ongoing maintenance expenditure, for example, needs a schedule and discipline. With systems having collapsed, and with the organisation's autonomy systematically undermined, little better could have been expected than what has happened in our steel cities.

Rourkela, for example, complains of power shortage and the DVC's slippages; but its own 60 MW power plant works at way below capacity. Bokaro installed an expensive Rs 400 crore continuous casting process plant, but in 1982, an oxygen imbalance was noticed in the overall processes which severely restricted production. To date, five years later, this has not been remedied — equipment for the oxygen plant is still awaited. Again at Bokaro, a brand new captive power plant being set up with Polish imports saw a major fire in July 1986, which destroyed its entire instrumentation. A year hence, recommissioning may still be very far away.

A well-known steel professional, widely respected in the industry, has this to say: "While the board and the chief executive officer at SAIL have been rendered ineffectual by the government, there is a similar overdependent relationship between the managing directors of the individual plants and the chairman. All recruitment of executives with a salary above Rs 3,000 at the plant level requires prior sanction; so does all capital expenditure above Rs 50 lakhs; and all contracts for a period longer than three years and of value exceeding Rs 2 crores. At TISCO, it is doubtful whether any senior level manager in Russi Mody's team would have such severe restrictions put on him."

The same observer continues, "The primary failure at SAIL is that the organisation has not *grown* its managers. A person stagnates at the same job for decades, but his salary may increase, and he may get new and fancy designations ever so often. Man to man, it is possible that SAIL has at least equal if not better talent than TISCO, but these people are not

A view of Bhilai steel plant

used." Thus, it is not the people, but the *system* which is to blame at SAIL.

The obverse of over-regulation is a "permissive" culture, evident in SAIL, where responsibility cannot be fixed, and nobody will take responsibility. An old steel hand at IISCO contrasts his own experience in the yesteryears, when engineers, foremen, and workers stood shoulder-to-shoulder on the shop floor. "This is perhaps still true of Russi Mody's Jamshedpur," he says, "but at SAIL, the new management recruits want desk jobs. When the worker knows that the manager may perhaps be actually no good in doing any specific job on the shop floor, he loses all respect for this manager."

Another senior person remarks, "TISCO remains a great success right up to the present day, because the Tatas have imposed their own brand of paternalism on traditional Indian feudalism. In contrast, SAIL gives social benefits without corresponding demands. The public sector's 'modernising' effort in India has merely ended in tragedy."

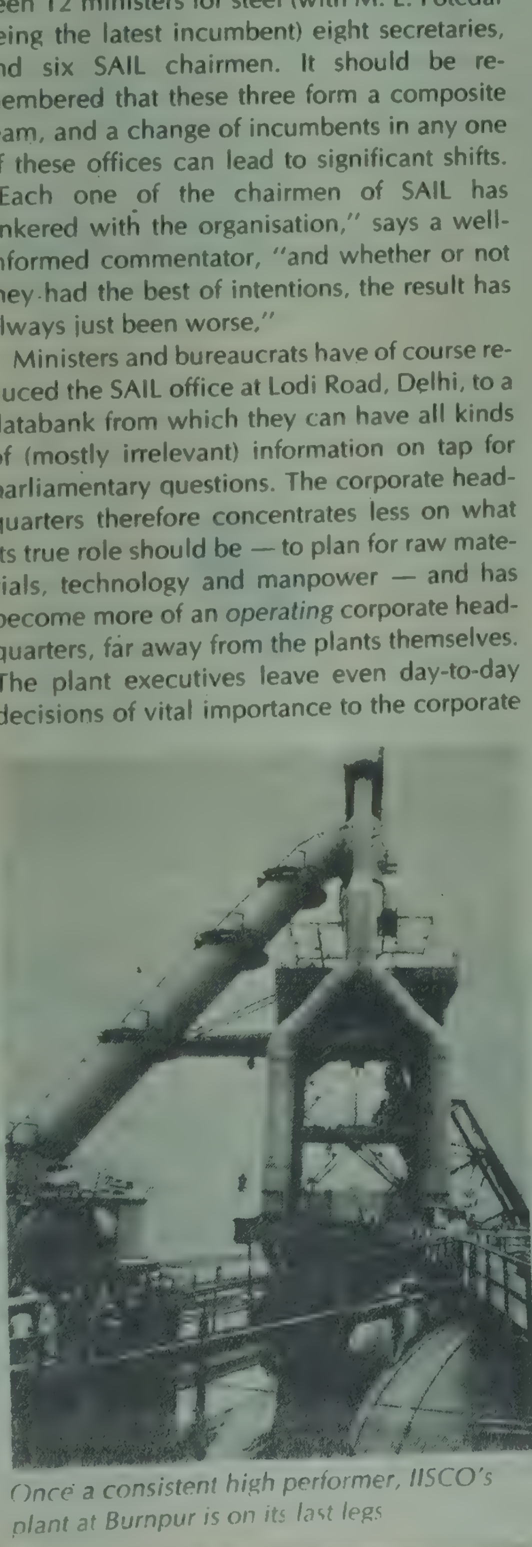
The Indian steel towns of Rourkela, Durgapur, Bhilai, Bokaro and Burnpur, while being attractively cosmopolitan in having attracted people from all parts of the country, and while presenting an appearance of orderliness, have been blighted by a deepset cancer. On the surface, they are relatively prosperous communities; and Durgapur, which has suffered from major labour problems (now fortunately under control) may actually look the best of them all, with greenery and well-constructed houses. A visitor to the Durgapur Steel plant will first notice a remarkable piece of sculpture, Arjuna's test of *lakhshya veda*, of considerable aesthetic value, along the driveway to the administrative office. It was meant to symbolise single-minded determination in achieving a target. The symbolism has now become an ironical commentary on SAIL's actual performance.

A complaint made by SAIL, which cannot be lightly dismissed, is that the quality of its raw materials, coal and iron ore, has deteriorated over the years. But here again is an example of the tragedy of Indian public sector planning. Rourkela is located close to one of the largest sources of iron ore in the world; yet it gets virtually the worst ore. Its choice of the captive Barsua mines was a grave mistake; the geological structure is such that on the other side of a hill at Barsua, TISCO gets excellent iron ore, but the deposits in the area reserved for Rourkela just do not measure up.

Similarly, after nationalisation of the coal mines, coal quality has gone down. Being a public sector company, SAIL has to allow other public sector undertakings "most favoured" treatment, and has to be gentle in remonstration with Coal India or the National Mineral Development Corporation, which supplies iron ore to Bokaro. Today, some coal is being imported, but SAIL lacks systems to specifically match the imported fuel with local supply — in part, because of lack of systems *per se* in SAIL, and in part because the local supply keeps varying widely in quality.

SAIL has located its corporate headquarters at Delhi, a thousand miles away from the throb of the steel towns, mainly for the convenience of the bureaucrats and the politicians. The irony is that an industry which in our country is smaller than a single integrated plant of international standards should need a full-fledged ministry and a whole army of bureaucrats. And in the political merry-go-round between 1973 and 1987, there have been 12 ministers for steel (with M. L. Fotedar being the latest incumbent) eight secretaries, and six SAIL chairmen. It should be remembered that these three form a composite team, and a change of incumbents in any one of these offices can lead to significant shifts. "Each one of the chairmen of SAIL has tinkered with the organisation," says a well-informed commentator, "and whether or not they had the best of intentions, the result has always just been worse."

Ministers and bureaucrats have of course reduced the SAIL office at Lodi Road, Delhi, to a databank from which they can have all kinds of (mostly irrelevant) information on tap for parliamentary questions. The corporate headquarters therefore concentrates less on what its true role should be — to plan for raw materials, technology and manpower — and has become more of an *operating* corporate headquarters, far away from the plants themselves. The plant executives leave even day-to-day decisions of vital importance to the corporate office. And in the labyrinthine processes of Lutyens's Delhi, decisions seldom get taken before they are too late.



Once a consistent high performer, IISCO's plant at Burnpur is on its last legs

V. Krishnamurthy inherited all of this when he became SAIL chairman in 1985, soon after the first flush of Rajiv Gandhi's election victory. He came, of course, after notable successes in BHEL and in Maruti. Besides, having worked in the government, being of sufficient seniority in age, and finally, having been the prime minister's chosen incumbent, he wields greater authority and has greater independence than many former chairmen.

To his credit, Krishnamurthy has tackled SAIL's deterioration in organisational culture — what has been termed its "permissiveness" — on an urgent basis. Strenuous efforts have been made to restore an acceptable degree of personnel discipline as well as technological discipline. SAIL spokesmen make much of the fact that overtime, which was demanded by some workers almost as a matter of right, has been stopped, though some commentators wryly remark that it has made no difference to SAIL's total wage bill.

Also, Krishnamurthy has certainly got more tough with recalcitrant trade unions than any other chairman. At the Alloy Steel Plant (ASP) in Durgapur, there was a war of nerves between the management and the unions in autumn 1986, when the trade unions were insisting on further additions to the workforce after certain new facilities were on the point of being commissioned. Krishnamurthy gave full backing to the plant management which wanted to redeploy existing workers. After a few weeks of suspense, the management won out.

"This really was historic," says an ASP spokesman, off the record. "Never before in Durgapur has this happened in the last 20 years. Management has always been too timid and pusillanimous. Today, a strong public opinion has been created that the survival of ASP as well as the main Durgapur Steel Plant depends on worker discipline. And the average person is willing to give the management of his best to revamp the plants and restore their efficiency. Morale today is much better."

Combined with the relative firmness towards the trade unions in the matter of work discipline, Krishnamurthy has also attempted a massive communications exercise with SAIL's 20,000 executives. Obviously, he visits the plants regularly, but few other chairmen have spent so much time as he has to communicate with his very large team. There is unanimity of opinion that the new chairman's efforts would be given maximum co-operation.

Russi Mody, when asked to comment on how he sees the job of any chairman of SAIL, had this to say: "The cancer at SAIL is curable; but its chief executive officer must be a man

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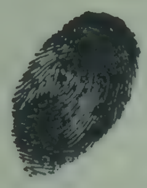

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with plenipotentiary powers, and quite ruthless. Above all, he must suffer no interference in his job from meddlers."

Unfortunately, while Krishnamurthy is stronger than many former SAIL chairmen, it is unlikely that he has the kind of "plenipotentiary" powers that Russi Mody speaks about. He is still accountable to a lot of people in the corridors of power at North, South, West, and East blocks in New Delhi; and *he* has to go to these people, *they* do not come to see him at Lodi Road! The meddlers still remain all powerful in our capital city.

When asked about Russi Mody's observations, Krishnamurthy was as direct as he always is. "It is difficult to be 'ruthless', and in fact it can be counter-productive," he says. "Problems arise once more when the man leaves. Gradualism is actually better for the long run, and ultimately it is better to try and make people change, rather than change people by firing them!"

In this reply, there is an implicit criticism of the limited time frame of tenures in public sector jobs. "In our country, the unfortunate fact is that we are unable to think beyond the five-year time frame," says Krishnamurthy. But impartial observers are quite unanimous that in order to do something effective, a man like Krishnamurthy must stay for a much longer period.

Nevertheless, for as long as he *is* staying, Krishnamurthy can hardly be accused (unlike others before hm) of passively contributing to SAIL's downslide. In addition to all the efforts to restore discipline and morale outlined in the foregoing, the SAIL management is for the first time (like some other public sector units) tackling the problem of surplus manpower — though the measures taken are hardly "ruthless": merely a voluntary retirement scheme which 3,000 of two and a half lakh workers have accepted so far. It is at least a step in the right direction, though a well-informed observer comments that for SAIL's golden handshakes to be really effective, twenty times the number of people who have actually gone in for the scheme so far should have accepted it.

What is central to Krishnamurthy's efforts at SAIL, however, is the new corporate plan for the next 15 years, which is now being circulated as a printed document. As has been noted before, the plan envisages a capital spending programme for all the steel plants, which will add up to about Rs 7,000 crores to be spent over seven years. Besides the urgent need to reverse long neglect, an implicit assumption seems to be, as Arvind Pande, director, corporate planning, puts it, that "unless the organisation actually starts revitalising its assets, it is difficult to build up and sustain any enthusiasm among its people".

Durgapur suffered in technology when it was built by the Britisn

Combined with the ambitious corporate plan, spokesmen at SAIL repeatedly stress that "steel needs freedom", and that the shibboleth of cheap steel has over the decades bankrupted SAIL. Krishnamurthy and his lieutenants are confident that they can generate the Rs 7,000 crores need for investment independently and without any kind of budgetary support from the government, provided SAIL is compensated for price rises which are beyond its control.

"It needs to be emphasised that we shall hold constant the entire part of costs which are *within* the organisation's control," says Pande, "However, at least 50 per cent of costs are outside SAIL's domain, eg, the price of coal or power. We are asking to be compensated only for rises in this part of our costs."

"Independence" from government interference is however still a far cry. In January 1987, before the current problems overtook Rajiv Gandhi's government, it was reported that the prime minister had drawn up a model "memorandum of understanding" in consultation with one public sector chief executive (reported to be Krishnamurthy himself) which would have served as the basis for other such agreements with all the rest of the public sector companies. But seven months have passed, and not much more has been heard.

Some observers are however sceptical about how realistic SAIL's assumptions are about going without any budgetary support. "The problem here is that SAIL's internal slack has actually *increased* over the years," they say. "The best example of this slack is the huge inventories in the company's stockyards, which simply means that SAIL is not producing what the market needs. Its overdraft actually exceeds the levels of some of the state governments! A couple of years ago, when there was a so-called recession, SAIL was forced to hold on to huge stocks. TISCO actually sold *more*."

"There are few signs of any significant increases in capacity utilisation", continue the critics. "It may well be that Krishnamurthy's efforts to tone up discipline led to lower production, which may only be temporary. Nevertheless, much still needs to be done within the organisation. In the past, SAIL has made too many promises which have been left unfulfilled. Besides, is the demand for steel completely inelastic, that continuous rise in prices can be absorbed by the economy?"

Those within SAIL who want to respond to this point of view would like to say that the unfulfilled promises have related mostly to targets for projects in which the organisation has been forced to choose public sector contractors or suppliers. Again, as far as more output is concerned, they would like to link the matter to a renewal of the plant and equipment. But even those who are convinced that SAIL has to put in much more of an effort give Krishnamurthy kudos for the fact that for the first time SAIL has a long-term corporate plan. "Doubtless the details will have to be modified over time," they say, "but an idea of organisational aims is essential."

It is worth looking at just what the corporate plan entails. Annual capital spending of Rs 1,000 crores per year over seven years is proposed to be funded as follows: depreciation Rs 450 crores; steel development fund (SDF) loans Rs 150 crores; and borrowings, bonds, public deposit scheme, suppliers' credits, and internal profits Rs 400 crores. The expenditure will be Rs 1,200 crores on Durgapur (in which capacity will remain at the current level of 1.6 million tpa), Rs 1,500 crores on Rourkela (in which again, capacity will not increase beyond the present level of 1.8 million tpa), Rs 2,500 crores on IISCO (which will raise capacity from the present 1 million tpa level to 2 million tpa), and Rs 1,600 crores on Bhilai and Bokaro, which will raise their respective capacities to 4 million tpa each.

While all this is a highly simplified picture, the plans for IISCO are particularly interesting. IISCO is a tragic case, and the morale in the organisation has almost deliberately been destroyed after the government takeover. Endless promises about modernisation for more than fifteen years have led to nothing, and after nationalisation, IISCO has recklessly added to its manpower by absorbing all contract labour, and furthermore, has employed *more* contract labourers, who are clamouring for permanent jobs! Pre-nationalisation, IISCO had one chief executive officer in its plant for 22 years; post-takeover, 14 CEOs have passed through Burnpur. IISCO has the doubtful distinction of remaining perhaps the only integrated steel plant in the world which uses air and not oxygen in its Bessemer furnace.

The Russians have promised a package for IISCO which will mean modernisation without reduction of the labour force, but have been unable to convince the SAIL management about the viability of such a proposal. Instead, a Japanese plan, which proposes a spanking new, state-of-the-art technology plant, adjacent to the existing one, finds greater favour. A SAIL spokesman says, "In this proposal, it would be possible to produce steel at Rs 3,200 per tonne, which is lower than international standards. Energy costs would be halved. This is despite the fact that we would still continue to employ 15,000 people, which is double world standards for a 2 million tpa plant. A substantial number of the existing workforce would however have to be given golden handshakes."

A criticism of the IISCO proposal that has been voiced is that the revamped product mix involves manufacture of long products only, and that five or seven years hence, when the new plant goes on stream, Vizag would also be producing large tonnages of long products, ie, structurals. Thus, there is a possibility of a glut. SAIL spokesmen say however that steel demand in our country has traditionally been underestimated, and that the housing sector would in the long run need the output. To clinch the argument, they say that the alternative would simply be to shut down Burnpur altogether.

SAIL has been talking about a Rs 900-crore Japanese loan for IISCO, and perhaps even equity participation. Whether this proposal to "do a Maurti" in steel is too revolutionary only time will tell because far too much is tied up with politics in our country. The Rs 1,400-crore Durgapur proposal, for example, has been cleared by both the Public Investment Board and the Ministry for Environment, but is awaiting cabinet clearance for weeks now. Ten years ago, when modernisation at Durgapur was first mooted, the cost would have been Rs 300 crores.

It is clear that the present SAIL management feels that there is no alternative but to make hard-headed capital spending decisions. Spokesmen for the organisation say that if the plans are to succeed, SAIL simply must be given freedom for pricing so that it can raise sufficient money from internal accruals. "The hang-up that steel is a money-guzzler must now be forgotten," says Pande. "The integrated steel plants urgently need renewal of their assets; it is an emergency. Even after all this we shall merely achieve full stated capacity of 11 million tpa, though this would be double the present levels. In the context of the large sums of money being mentioned by some other public sector companies like ONGC or Indian Airlines, we are not quite so ambitious. And since the alternative would be simply to write off our existing plants, Rs 7,000 crores is cheap compared to what new, greenfield integrated plants would cost!"

A prerequisite for SAIL's plans to succeed is that they should be implemented within the stated time frame. And here, Krishnamurthy is quite clear that given their past record, he does not want to give "most favoured" status to other public sector units which have generally failed to deliver on time. This could well be another aspect of Krishnamurthy's demands which bureaucrats and politicians would find difficult to swallow.

In the end, of course, his arguments are eminently sensible. But in the next fifteen years or so, the availability of steel in our country is an important question. SAIL's existing steel plants would not be increasing capacity substantially, except that Bokaro and Bhilai will be operating at 4 million tpa (which they should have long ago, instead of half that level as now), and IISCO would (if all goes well) be adding another one million tpa. The only further additions to capacity in the integrated steel sector would be from Vizag, and from TISCO, which is planning some expansion. The question is whether we would still need

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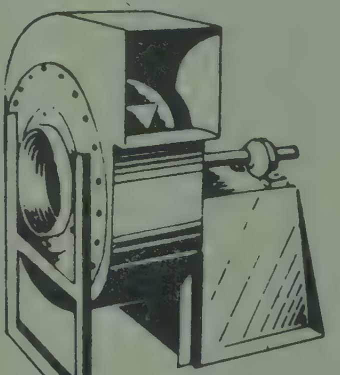

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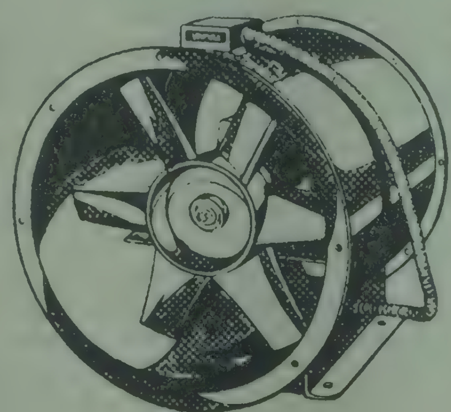

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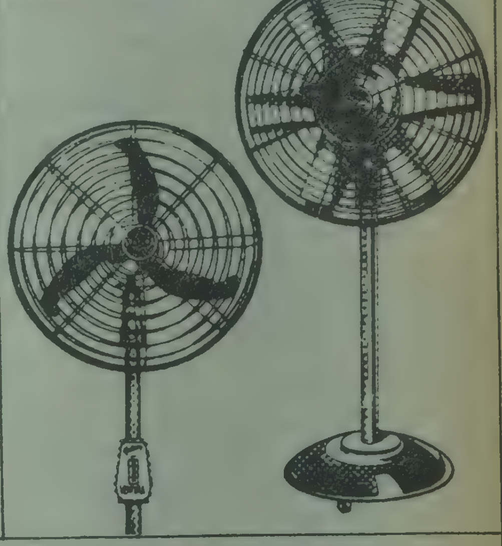

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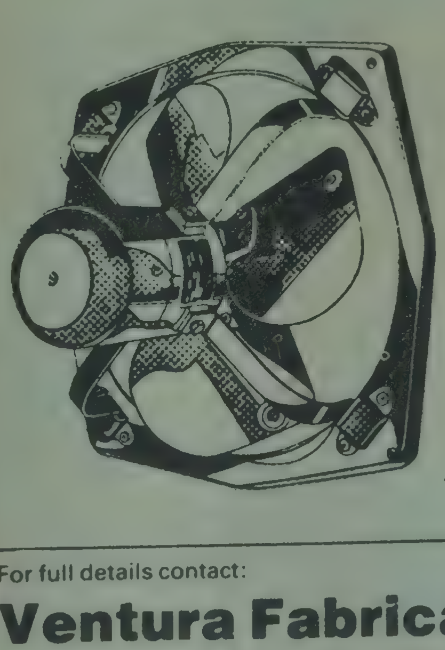

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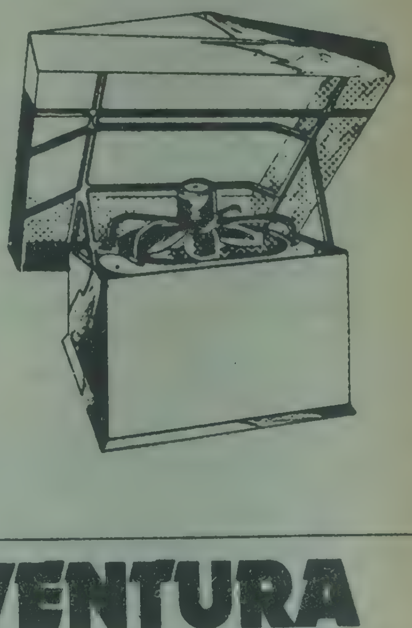

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imports, and if so whether the private sector should be given greater leeway.

A most vocal lobby in our country is the mini steel mills. It is estimated that currently there are over 200 such units, mostly with uneconomic production scales, which account for roughly 30 per cent of the 11 million tpa produced in India. While the mini steel units claim extremely low gestation periods for investment, and the capital cost per unit of capacity is low (currently reported around Rs 10,000 to Rs 12,000 per tonne of steel capacity, against Rs 15,000 per tonne proposed for IISCO), these advantages would be offset by the need to import scrap iron (a bill currently running at Rs 400 crores of foreign exchange annually), and also the dependence of the electric arc furnaces in mini steel units on power. The low figure for capital costs largely overlooks the expenditure needed for setting up power generation units and infrastructural costs.

In the future, the only hope for mini steel units could be to use the sponge iron route, given that cheap gas is made available to them to convert sponge iron to steel. It is said that the government is taking a serious look at these options, and is inclined to give the mini steel units more rope. While within limits this would be perfectly acceptable, a suspicion persists that this may well be turned into a political decision, where a private sector lobby may score at the expense of SAIL. The government may actually find it just a little too convenient to shelve SAIL's demand for autonomy, and would justify the larger role allowed to the mini steel plants on the plea that SAIL is demanding too much money. A modified modernisation programme for the SAIL plants would then progress at a leisurely pace, and would be enough for votes till the next election. It is only that for the long run, such a course of action would be disastrous.

This is because it remains true that despite the need for large capital investment, integrated steel plants, if properly run, till today remain cheaper producers of steel. A well-known steel technologist categorically says, "This is even after discounting higher capital costs in our country, after import duties. The real problem in India is that of enormous time overruns, which knock the bottom out of viability, and Vizag is the best such example. The exact opposite is true in South Korea, where the giant, highly efficient steel mills are actually in the public sector!"

Nevertheless, the same technologist warns against a riotous spending spree in SAIL, before its organisational systems are restored. "Systems in SAIL have collaped today," he says. "For example, for control purposes, it is doubtful if the management gets reliable statistical reporting. Energy consumption figures which are submitted look OK, but when converted in money terms and compared with the balance sheet, the figures do not tally. There is absolutely no clear picture of costs. Modernising will not solve problems — the need is for efficiency!"

It is elementary that a large capital spending programme needs strict control, and Krishnamurthy's urgent task is to restore such systems in SAIL. "The main point is that Krishnamurthy must get his top officers to resonate with him," says the technologist quoted before. "All right, now they agree with him, and even parrot him — but do they, in the fundamental sense, believe in what he is saying? If three levels of executives have this belief, half the battle is won."

The same observer has doubts whether even the managing directors of the various units have this belief, though some of them may. Krishnamurthy himself is more optimistic. The fact remains that many of the senior executives in the steel towns are old today; though they belonged to the dedicated team who first set up the plants, they will all be retiring fairly soon. A common observaton at corporate planning meetings at SAIL when projects involving five or seven years are discussed is that, "Oh, but that will be after we've retired!"

It is clear that Krishnamurthy has undertaken a Herculean task at SAIL. And the chance of the task being completed within the two and a half years left of his term is remote. His success will really lie in his ability to gain the freedom he asks for SAIL, and if he can groom the right successor who can withstand future pressures. The question is whether the government will allow him the necessary scope, or whether it feels that by appointing him chairman it has bitten off more than it can chew, and will tolerate him till it can spit him out. Again, while his tenure is secure with the present government, and his action programme accepted, will a future government go back on basic assumptions?

Directly after independence, economic planners in our country had a bold vision for steel. And in an economy at a stage of development as ours, such a vision still remains true. The industrial worker in the steel mills has in the past been a heroic figure, but like much else in our "soft state", this image has been tarnished. It is to be seen whether this image will now soon be restored, or whether it will be destroyed completely, as it must unless urgent remedial action is taken.

If the SAIL plans succeed, it would in the end be a tremendous boost for the entire public sector, and for all industry in the eastern region. It is in the looking-glass city of Delhi that the fate of our two and a half lakh steel workers, and ultimately of the economy, hangs in the balance.

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MANAGING MANAGERS

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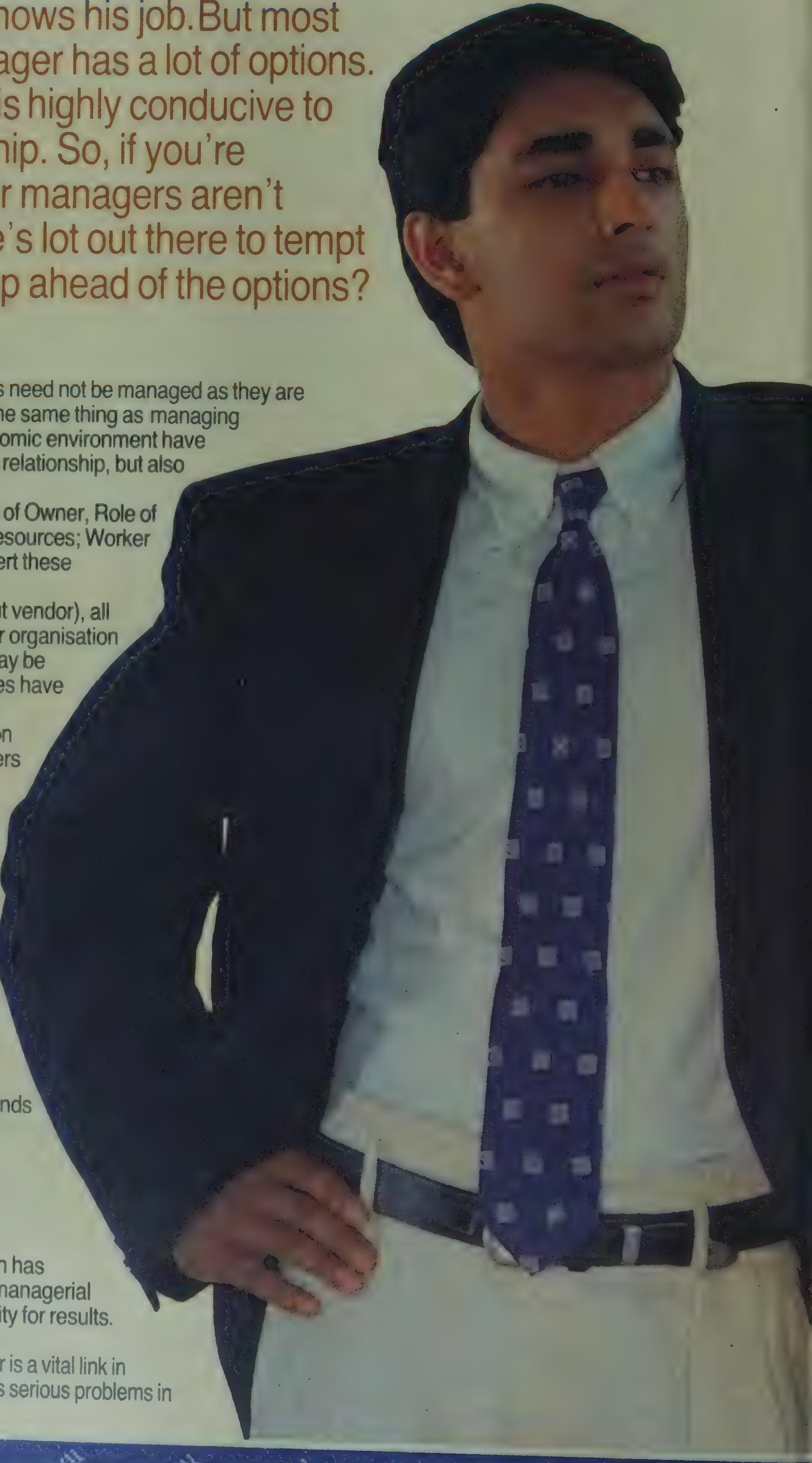


It is no longer possible to assume that 'managers need not be managed as they are a part of management' or 'managing managers is the same thing as managing non-managers'. Recent changes in the socio-economic environment have had an impact not only on the employer-employee relationship, but also on the management-manager relationship.

In every organisation, there are three roles: Role of Owner, Role of Manager and Role of Worker. Owner contributes resources; Worker contributes activities; Manager contributes to convert these resources and activities into results.

In a small enterprise like the paanwalla (betel-nut vendor), all the three roles may be combined. In a slightly larger organisation like a corner car-repair garage, the first two roles may be combined. But in a large organisation, the three roles have to be played separately for optimum performance.

Thus, the structure and system of the organisation must ensure minimum intervention, both from owners and workers, in managerial decisions. Otherwise, the manager will not be responsible for results and the organisation will suffer. The chief executive of the organisation is personally responsible to see that the managers are insulated from the owners. He must receive the result-expectations from the owners and actuate the managers to achieve the results. This is a very important responsibility and a person does not deserve to be a chief executive unless he can handle this vital task.

In the manager-worker interface, it is necessary to separate the activity issues from the aspiration issues which the workers can sort out with the management periodically when the charter of demands is presented, negotiated and settled. In the period in between, the activities have to be controlled by the managers in line with the settlement.

Identity Of The Managers

This process pre-supposes that the organisation has identified the persons responsible to play the managerial role and made them aware of their responsibility for results. Particularly, at the first line of supervision, many organisations fail to do so. The first line supervisor is a vital link in the management chain and neglecting that level creates serious problems in communication and industrial relations.

by Sharu S. Rangnekar Management Educator.

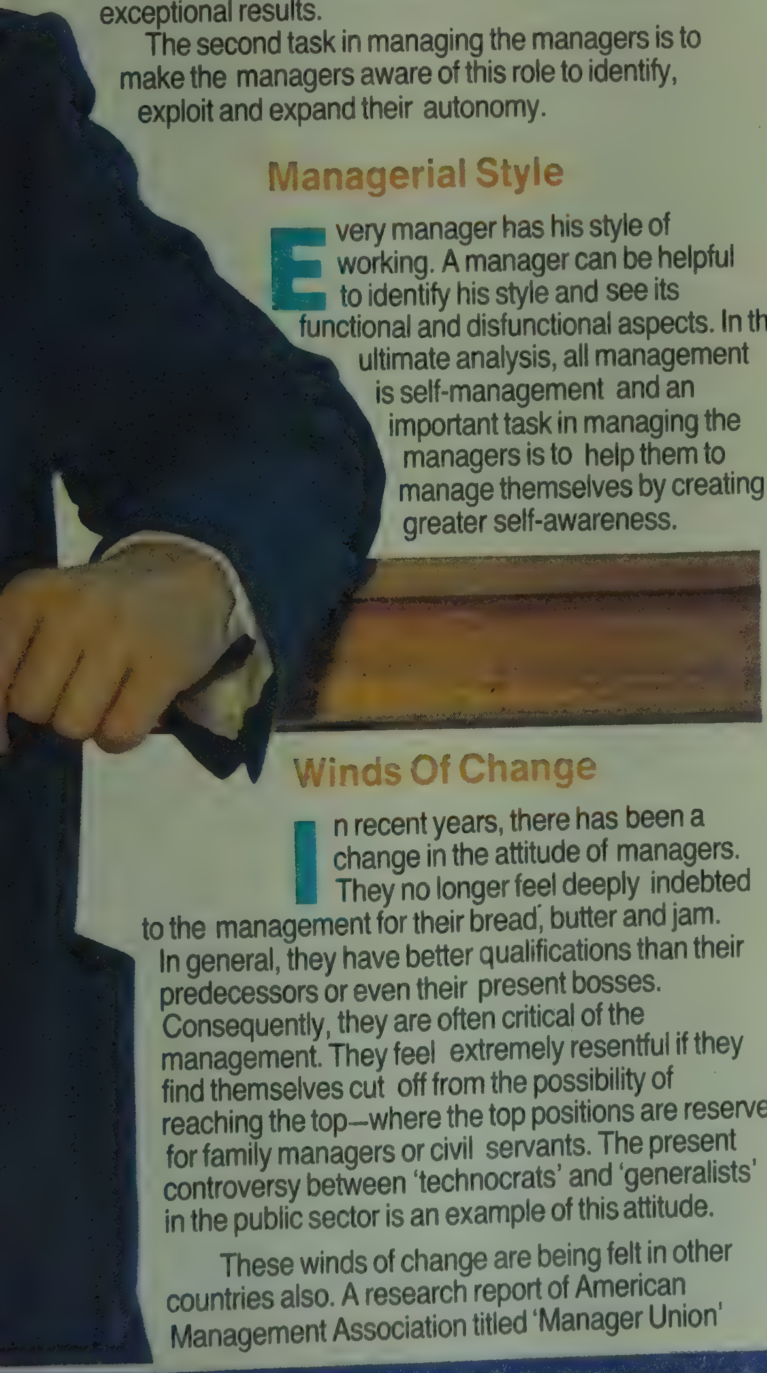
Therefore, the first task in managing the managers is to make the managers aware of their role i.e. the responsibility for results.

Exploiting The Autonomy

In performing his role, the manager works within the structure and systems of his organisation. Many managers feel that their structural and systems constraints are so strong that they have all the responsibility but no authority and they are only clerks under glorified titles.

A manager must realise that within these structural and systems constraints there is an area of 'autonomy'-i.e. authority, judgement and discretion. Managers with high capability are able to expand their autonomy by suitable modifications in the systems. Managers with entrepreneurial ability have changed even the structure to get exceptional results.

The second task in managing the managers is to make the managers aware of this role to identify, exploit and expand their autonomy.



Managerial Style

Every manager has his style of working. A manager can be helpful to identify his style and see its functional and disfunctional aspects. In the ultimate analysis, all management is self-management and an important task in managing the managers is to help them to manage themselves by creating greater self-awareness.

Winds Of Change

In recent years, there has been a change in the attitude of managers. They no longer feel deeply indebted to the management for their bread, butter and jam. In general, they have better qualifications than their predecessors or even their present bosses. Consequently, they are often critical of the management. They feel extremely resentful if they find themselves cut off from the possibility of reaching the top—where the top positions are reserved for family managers or civil servants. The present controversy between 'technocrats' and 'generalists' in the public sector is an example of this attitude.

These winds of change are being felt in other countries also. A research report of American Management Association titled 'Manager Union' reveals that managerial frustration and discontent with corporate life are increasing and the managers are tending towards formal or informal organisations which can collectively put pressure for job security, emoluments and more effective participation in management. They are deeply concerned about the 'increasing tendency towards greater responsibility without a corresponding increase in authority' They feel that the workers through unionisation have outpaced the gains of managerial employees.

This is one of the most difficult problems today, in view of the fact that, in purchasing power, managers are being paid less and less for accepting more and more responsibilities over a period of time. With the entire socialism in the country focussed on the salary-earning class, it is difficult to see a reversal of this trend. Consequently, motivating managers through increments and promotions is likely to be less effective as the gap between the top and bottom is reduced further.

Thus it would be necessary to think about what the organisation can do for the managers in terms of opportunities for achievement and development rather than thinking about what the organisation can do to the managers in terms of increments and promotions.

This brings into focus the necessity for 'organisational development' to ensure management participation at each level. This involves:

1. A basic belief in the development of each individual in the organisation to his full potential.
2. Delegation for decision-making at the lowest possible level.
3. Authority commensurate with the decision-making responsibility at each level.

The management has a historical role to perform at this moment. Either they neglect the discontent at the managerial level and get drowned in the rising tide of unionisation or they institute organisational development to utilise the talents at all levels for the benefit of the organisation, the industry and the economy.

Conclusion

To sum up, managing the managers has become one of the most important challenges in modern management. To meet this challenge, the management has to:

- Make the managers aware that their role is not a matter of prestige and status - but of responsibility and contribution.
- Make the managers understand the need to identify, exploit and expand their autonomy.
- Help the managers to manage themselves by helping them to identify their style of working and see its functional and disfunctional aspects.
- Develop more participative organisation to emphasise on achievement and development of managers.

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Corporate Reports

PEICO

In the eye of the hurricane

Today the once prosperous electronics giant, Peico, is struggling for survival. Skyrocketing interest costs have eroded the company's profitability as the undertaking faces a tough fight in its major markets. The management is trying to turn the company around but whether they will succeed is doubtful

"An organisation such as ours, with a history of over 50 years, goes through various stages of evolution... we have seen phases of growth and phases of adaptation. In all this, the interest of the shareholder has been nurtured not with spectacular or dramatic events, but with steady appreciation and growth," says M. C. Guepin, chairman and managing director of Peico Electronics and Electricals Ltd (Peico), in the company's annual report for the financial year ended 31 December 1986.

But Guepin's reassuring, almost lyrical, words come as faint comfort to the shareholders who see disaster writ large over the rest of the report.

Peico's pre-tax profit in 1986 fell by 90 per cent to Rs 47.19 lakhs (1985 — Rs 4.83 crores). This came on top of a decline of 51.84 per cent in 1985 over 1984. To pay dividends, the company has been forced to dip into its reserves for the last two years. The performance of the company last year contrasts sharply with that in 1980, when it made a pre-tax profit of Rs 15.54 crores on sales of Rs 119.87 crores.

The company's poor performance can in part be attributed to the specific problems it faced last year. According to Guepin, Peico not only suffered a loss of Rs 3.4 crores in production as a result of a strike in its light factory at Kalwa, near Bombay, from November 1985 to March 1986, but it had to incur higher costs to procure lamps from other suppliers to meet its own dealer requirements.

The cost of imported components also spurted as a result of a 28 per cent rise in the guilder vis-a-vis the rupee, in spite of attempts the company made at sourcing components from the US. Finally interest costs were higher because the company spent Rs 22 crores on modernising old plants as well as erecting new plants. A new factory for TV and audio equipment is being built at Salt Lake near Calcutta and a new plant to manufacture computer peripherals is being set up in Bangalore.

While there may be immediate explanations for Peico's poor performance there are also more fundamental reasons for its steady decline in recent years.

Prior to 1978, Peico was shackled by FERA restrictions and the company grew relatively slowly. But after N. V. Philips diluted its shareholding to 39.7 per cent, the company saw opportunities for rapid growth, and from 1980 it went on a growth binge — sales grew at a compound rate of 18 per cent between 1980 and 1986. But the markets it confronts today are vastly different than the ones of six years ago.

Peico's lighting division and its professional electronics division, which contribute 48 per cent to the company's sales, are facing sluggish markets, while its consumer electronics division is the bread-winner. The undertaking's net current assets are larger than its entire borrowings — an indication of the runaway increase in working capital requirements. Even after issuing rights equity shares (during 1986) and non-convertible debentures (in January 1987) aggregating Rs 61.60 crores, the company, according to bankers, is facing a cash crunch.

In the past, according to a market researcher who earlier conducted research for Peico, all that the company did was to produce and distribute. "Customers were so starved of consumer goods, that they would grab anything Peico condescended to produce," he says. As a result, Peico became a sleepy, bureaucratic company.

Recently, however, a surge in industrial capacity coupled with a reduction in import tariffs has eroded Peico's earlier position of strength. For example, lighting, which constituted about one-third of the company's sales last year, was the mainstay between 1978 and 1985. But today it is losing money in this segment.

The lighting industry is dominated by 13 firms which contribute 70 per cent of the total

Interior of the Professional Electronic Equipment Factory (PEEF), Pimpri

A CWQI meeting in progress

production, while the small scales sector produces the balance. Peico's market share in the organised sector in 1985 was 24.4 per cent in the GLS (general lighting service) segment and 16.1 per cent in the fluorescent tube segment.

Prior to 1985, the lighting industry was characterised by what can be best described as 'orderly' marketing practices. Industry sources say there were consultations before any firm in the organised sector cut its prices, which may explain why prices were uniform across firms. But H. S. Mamak, Peico's vice-president, lighting, denies there was any collusion. He explains that the company played the role of a price leader and all other producers adjusted their prices around those of Peico's products.

Today, however the lighting industry has become a jungle and a fierce price war has erupted. S. V. Mahagaonkar, vice-president, consumer products at Crompton Greaves, explains that the lighting industry is facing the worst recession since 1974-75, when demand declined subsequent to the energy crisis.

This time round the recession is the result of the substantial expansion in capacity thanks to delicensing, while demand has failed to keep in step because the government's electrification plans are falling behind schedule. According to Mamak, while production grew by 35 to 40 per cent per annum over the last two years, demand has grown only by 2.5 per cent (against a normal 8.5 per cent) in the GLS segment and 5 to 6 per cent in the fluorescent segment against the normal growth rate of 12 to 15 per cent. As a result, all major firms are nursing huge inventories.

Peico has been particularly hard hit because it has concluded an exclusive marketing agreement with a new lamp unit, Punjab Anand Lamps Industries Ltd (PALI), to market the latter's entire production, in addition to its existing sources of supply. Mamak defends the decision to obtain supplies from PALI (in which N. V. Philips has a stake) on the ground that Peico's market share was declining and Peico's ability to retain its share was predicated on its having more to sell.

But industry observers point out that Peico's ability to gain market share depends more on its ability to cut prices. "Given Peico's high cost structure, and its inability to cut prices, adding a new source of supply will only add to Peico's inventories and the losses the lighting division is making", says an observer who prefers anonymity.

Like lighting, professional electronics which contributes 16 per cent to the sales of the company, has also not been able to pull its weight. The division markets or manufactures a wide range of items, the major ones being electronic components, public address systems and accessories, intercom apparatus, data systems including computer peripherals, electronic measuring and electromedical apparatus.

While the division provides much of the hi-tech glamour which is associated with Peico, according to critics of the company, the division's failing is that it has tried to emulate, at least in variety, the product range of its parent company. The striking difference between the two is that N. V. Philips is looking at a much wider, world market while Peico's market, mainly Indian, is small. However the professional electronic division's hopes now rest on computer peripherals produced by its

A financial profile

(Rs crores)

	1986	1985	1980	% change 1986 over * 1985	1980
Sales and other income	325.25	262.02	121.68	24.13	17.81
Operating profit	25.29	12.45	19.87	103.13	4.12
Operating profit/sales (%)	7.78	4.75	16.33	63.79	(11.62)
Interest	17.04	13.99	1.48	21.80	50.21
Depreciation	7.78	6.22	2.84	25.08	18.29
Profit before tax	0.47	4.84	15.55	(90.29)	(44.18)
Profit before tax/sales (%)	0.15	1.89	12.78	(92.06)	(52.33)
Net profit	0.47	3.04	5.75	(84.54)	(34.12)
Equity capital	33.32	21.60	18.00	56.11	11.03
Reserves	53.74‡	48.53	16.24	10.74‡	22.07
Loans	116.88	90.73	3.57	28.82	78.86
Net fixed assets	78.05‡	63.98	17.07	21.99‡	28.83
Net current assets	118.72	89.96	27.04	31.97	27.88
EPS (%)	1.41	14.07	31.94	(89.97)	(31.84)
Dividend (%)	10.00	15.00	18.00	(33.33)	(9.33)

* *compounded annual growth rates*

‡ *assets revalued during the year*

new Bangalore plant.

The only division which is really pulling its weight in Peico is consumer electronics which contributes 42 per cent of the sales of the company. Peico has an extensive range of products from radios, mono and stereo cassette players and stereo equipment to television — both black and white and colour. What is notable is the variety of different models in each product range; for example, it has 20 models of radios in its regular range and 20 models of stereo and mono cassette recorders. The division has been constantly bringing about product innovations and also cut the costs of its products.

A good example of this is in radios, which constitute about 40 per cent of the turnover of the division. According to D. L. Jain, vice president, consumer electronics, the total industry production of radios is 7.5 million sets a year, out of which Peico produces 19 to 20 per cent.

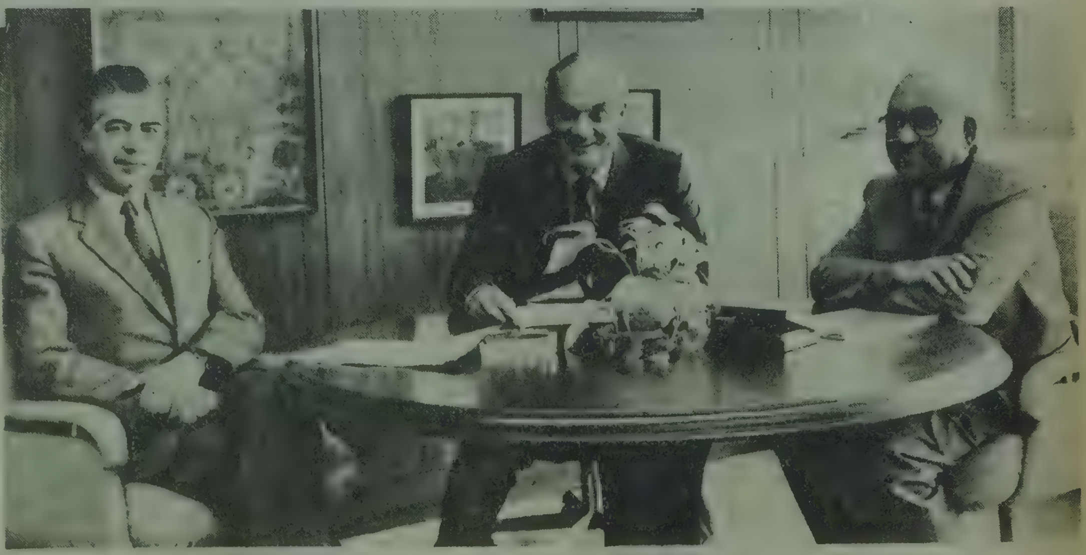
Though Jain points out that there is more than enough space in the radio market for anyone who is willing to be competitive, all the established firms of yesteryear have lost their presence in the market. Murphy has never recovered from a two year strike at its factory and Bush is concentrating on its Akai Bush hi-fi systems and its TVs.

Peico's success, as Jain points out, lies in its ability to conceptualise what the market wants, and then to design and style it to suit market requirements. An example of this is how Peico has managed to blunt the threat from imported audio equipment by producing a range of models, packed with features and prices which are extremely competitive.

The future of the division lies in television. According to Jain, Peico is currently marketing 100,000 black and white TV sets and 7,500 colour TV sets. It was not manufacturing any sets itself so far, because it did not have a licence till recently. Peico has now got a licence and expects its factory at Salt Lake near Calcutta, with a capacity of 50,000 colour TV sets, to come on stream by October 1987.

But Peico's TVs will be appearing on the market at a time when there is a slump in demand. Other manufacturers are not particulary perturbed about Peico's actual appearance. As S. R. Jivrajka, president, Indian Television Manufacturers Association, which fought a bitter fight to prevent the entry of Peico into television a few years ago, puts it, "With Peico's high costs, it will never be able to bring a colour TV set into the market at a competitive price".

Jain, however, is confident about Peico's eventual success, especially in the light of the government's desire to reduce the amount of imported components in the manufacture of TVs. With Peico's own technical strengths, it would have a headstart over other manufacturers, if kit imports are curbed.


The Peico board: (from left) Rodrigues, Guepin and Ramamurtham

Peico's problems with market saturation and greater competition in its major product segments, except consumer electronics, are reflected in its burgeoning working capital requirements. This has been the major reason for its galloping borrowing — increasing by 78 per cent compounded over the last six years though admittedly in 1980 the company had virtually no borrowing — and its rising finance charges which have grown at 50 per cent compounded over the same period. What is undoubtedly clear to the management is that the rising finance charges have been the major reason for the squeeze on the company's profitability.

V. Ramamurtham, director and senior vice president, marketing, explains that a major reason for Peico's high inventories is the integrated nature of its business activity. For example, Peico makes not only audio products but also many components which go into its radios at its components factory, and the plastic mouldings which house the radios as well as the moulds that are used to make the mouldings at its tool shop. A similar degree of integration also chracterises Peico's manufacture of lamps. So a slowdown in sales has had a ripple effect throughout the organisation leading to a pile-up of inventories, not only of finished goods, but also of raw materials.

N. V. Philips, faced with problems of mounting inventories caused by its practice of producing nearly all its components in-house, has started entering into long term agreements with outside suppliers. But Peico's management doesn't think a similar approach could be followed in India because of the sheer lack of outside suppliers for critical components.

According to J.V.C. de F. Rodrigues, director and senior vice-president, finance and administration, Peico's need to manufacture its own components means that it is faced with the unhappy choice of deciding whether it should save on inventory costs by allowing its factories to remain idle when it has excess supplies, or keep them working and run up inventory costs. Given the problems of shutting down factories in India, a high inventory level has been the only way out.

Another reason for high inventories is that information flows within the company depots have been found to be inadequate. According to ex-employees, horror stories emerge from time to time about stocks that are 'lost' and accidentally rediscovered — in some cases after several years.

While inventories have increased in some cases out of sheer mismanagement, Peico's receivables have shot up mainly because greater competition has resulted in a need to use credit as a selling tool. Peico does not extend credit to its dealers in lighting and audio but does give credit to industry and government buyers for any products it supplies them directly. Certain divisions, for example, professional electronics, chalk up a disappropriate amount of credit in relation to their turnover.

The management of Peico is aware that unless it does something drastic about the company's wide-ranging problems its very survival is at stake.

According to Guepin, the manufacture of electronic components, consumer electronics, business information, systems and telecommunication as well as medical electronic equipment would constitute the core activities of the company.

Lighting, while not a core activity, is seen as one to which Peico has a long term commitment partly strategic, and partly because it was the business with which Philips originally began. Guepin also feels that the lighting industry has enormous growth poetential, notwithstanding its current problems. The fresh guidelines making ISI certification mandatory for lamp manufacturers would squeeze many small scale units out of production and result in a boom for the rest of the organised

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lighting industry.

With regard to other product groups, Guepin is of the opinion that hard decisions will have to be taken, if after a reasonable amount of time they don't turn in a reasonable profit. At the same time, he recognises that there are legal constraints on either shutting down units or selling them. He does not rule out the possibility of setting up joint ventures to take over such units.

Besides redefining its priorities, Peico is also attempting to increase awareness within the company itself about the need to improve performance. The undertaking adopted a programme called the company-wide quality improvement (CWQI) programme which was developed by N. V. Philips, borrowing heavily from Japanese management practices.

The emphasis of the programme is on culture change. It aims at getting people within Peico to recognise that there has been a marked change in external environment. Gone are the days when Peico could just produce and sell. Today, with saturated markets, the emphasis has to be laid not only on the price of products, but also on their quality and reliability as well as the effeciency of working capital management.

The credo of the CWQI programme is that it is not people who are at fault but it is a bad system which produces bad results. As such, the emphasis is on system building and quantifiability. As R. K. Jain, general manager, corporate, quality, puts it, "If you can't measure it, you can't improve it".

The impact of CWQI is evident in Peico's offices. Not only are there messages from W. Decker, chairman of the supervisory board of N. V. Philips and M. C. Guepin, affirming their commitment to CWQI's goals but more striking are the charts which give an indication of the performance of different product divisions with regard to sales, inventories and receivables. The public display of these key indicators not only lends itself to making the functioning of the different product divisions transparent, but also has a pronounced effect on people within the organisation because they know which divisions are earning money and which ones are being carried.

To improve inventory and receivables management, the company is emphasising logistics management. According to P. Patnaik, general manager, planning logistics, physical distribution and purchase, logistics management involves the processing of raw materials and components in such a way that finished products become available at the right time, the right place and in the shortest possible time.

In an attempt to bring this about, the company is using an integrated approach to marketing and production. While each product division is responsible for product policy, marketing strategy and sales, it co-ordinates with the factories to prepare plans on what should be produced, when it should be produced and in what quantities.

Floppy drive manufacture at the new Bangalore peripherals unit

To improve information flows, Peico is introducing in a phased manner, a computer based information system which the company hopes will be eventually online. The system, initially being installed in the western region, has various modules for billing, accounts receivable, inventory and sales analysis.

Once the system is fully installed, it will be possible for the management to have within a very short lead time, information on inventories at stock points, sales trends and evaluate the quantity and quality of receivables. The company plans to install the next system in Madras, then in Delhi and finally in Calcutta.

The management is confident that with the initiatives it is taking to alter the company's culture and management practices, Peico will be able to emerge from the morass in which it finds itself. To be successful, such a strategy would require active participation of the company's unions, both staff and workers. But this is easier said than done.

The company has been plagued by industrial unrest — the latest being the strike at Kalwa. What characterises this unrest is a high level of distrust between the unions and management. The issues are complex and company observers are not sure about the management's ability to resolve the disputes amicably. The management is using a variety of methods to improve communication, which go beyond the traditional ambit of industrial relations. For example, it is conducting open house sessions where workers can question top management on how the company is run.

Though Peico's management is attempting to change both the culture and management practices of the company, it is going to face a tough fight. As Guepin put it, "Peico is like an elephant, you have to kick it really hard to get it moving," and N. V. Philips probably feels that only an expatriate can do it. Peico has always been managed by expatriates. Not only is the managing director an expatriate, but key areas such as finance and production are supervised by them.

What does this amount too? In most cases these expatriates are deputed to Peico from the parent company for a single term of five years. This results in a singular lack of continuity. According to Guepin, the level of technology used by the company requires a higher level of interaction with the head office than that required by other multinationals.

Even granting that a high level of interaction is required, the limited tenure of each managing director creates areas of weakness in the functioning of the company. Former employees point out that this limited tenure insulates the chief executive from critical qualitative information relating to many key areas of the company's operations.

For example, an expatriate managing director has to learn how to do business in India. This means familiarity with FERA, MRTP, licensing procedures as well as other legislation.

He has also to understand the key personnel in his organisation, how the various divisions function as well as other aspects of the company's culture which have a lot to do with critical problems which Peico faces today.

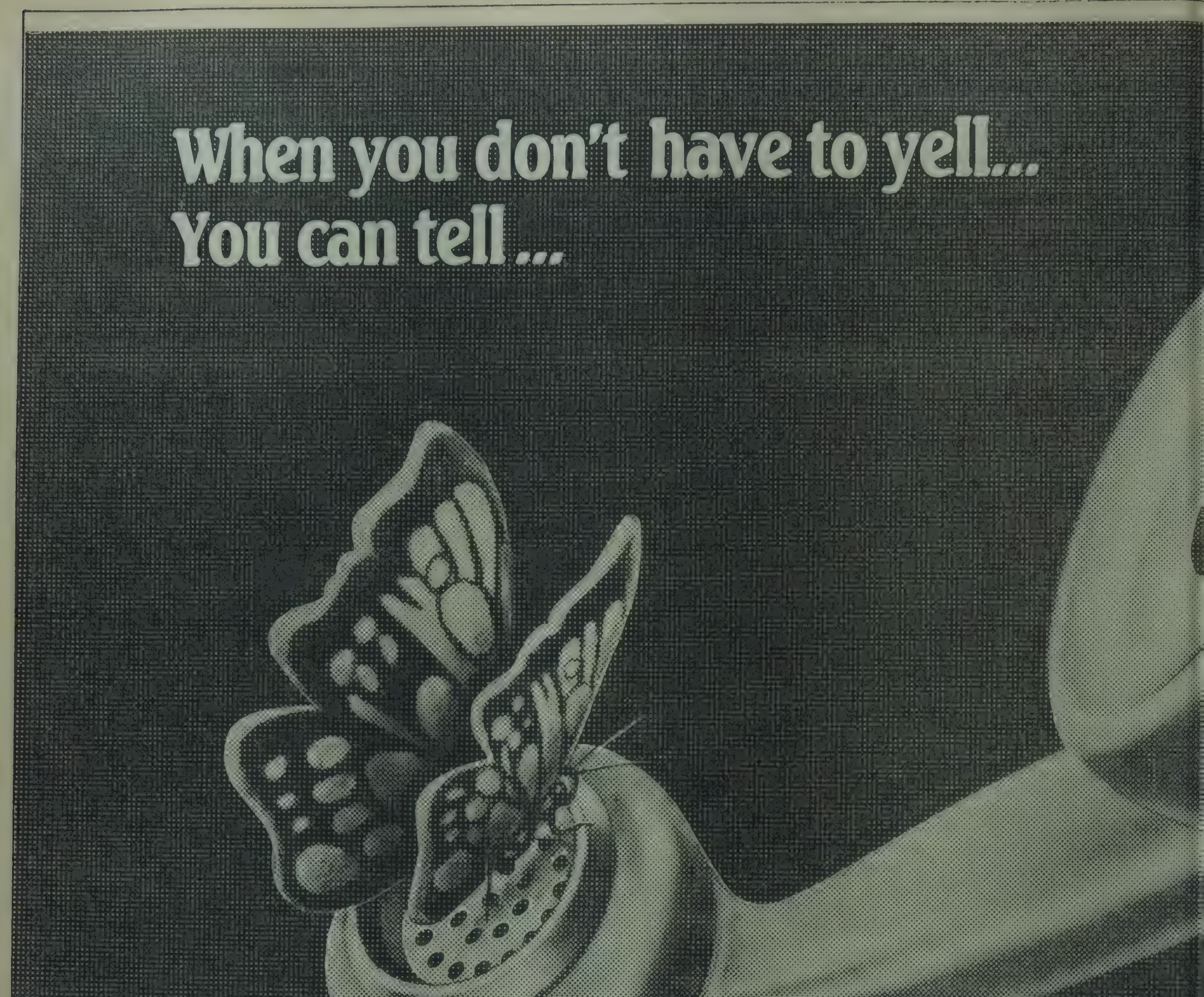
Guepin argues that as Peico is a board managed company, he is not expected to know every nuance of how the company functions — certain responsibilities have to be delegated. The fact remains that after an expatriate managing director has spent a couple of years getting a handle on how the company functions, he is already thinking of his next assignment.

The absence of any independent outside Indian directors on the board (all three directors are at present employees of the company) makes the board suffer from the lack of an objective view of the functioning of the company. Even the financial institutions, which hold a major stake in the company, do not currently have their nominee on the board.

Unfortunately for Peico, there are no soft options — today hard decisions will have to be taken about restructuring the company's activities and in some cases shedding products which are a drag on performance.

Though Guepin expects that the company's performance will stabilise this year and will look up next year, this is by no means assured. Peico today rests in the eyes of the hurricane, and in that deceptive calm the question still remains whether the company will emerge out of the tempest unscathed.

EAPEN THOMAS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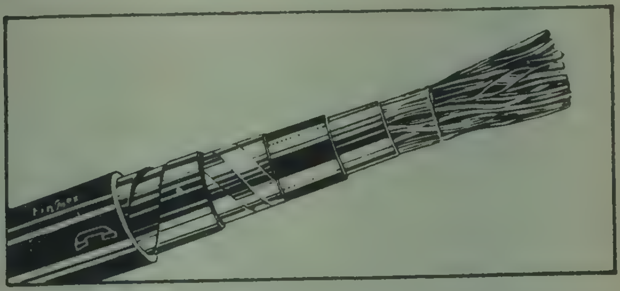

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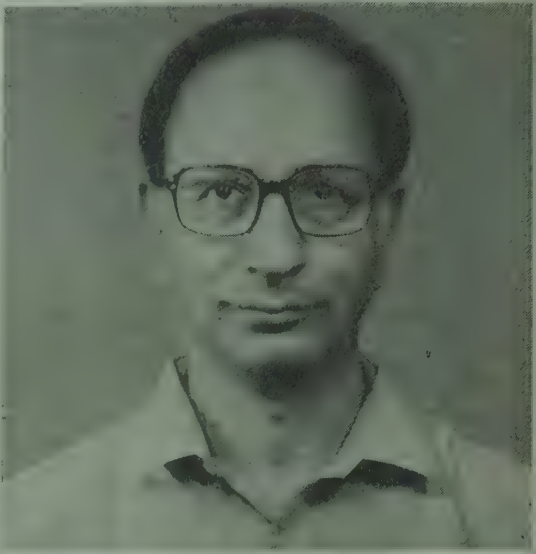
CEL

A burst of activity

Over the last two years, CEL has emerged from the shadows and has begun to fulfil its purpose of being a well-diversified and self-sustaining venture for indigenous technology



Srinivasan: the image has improved vastly

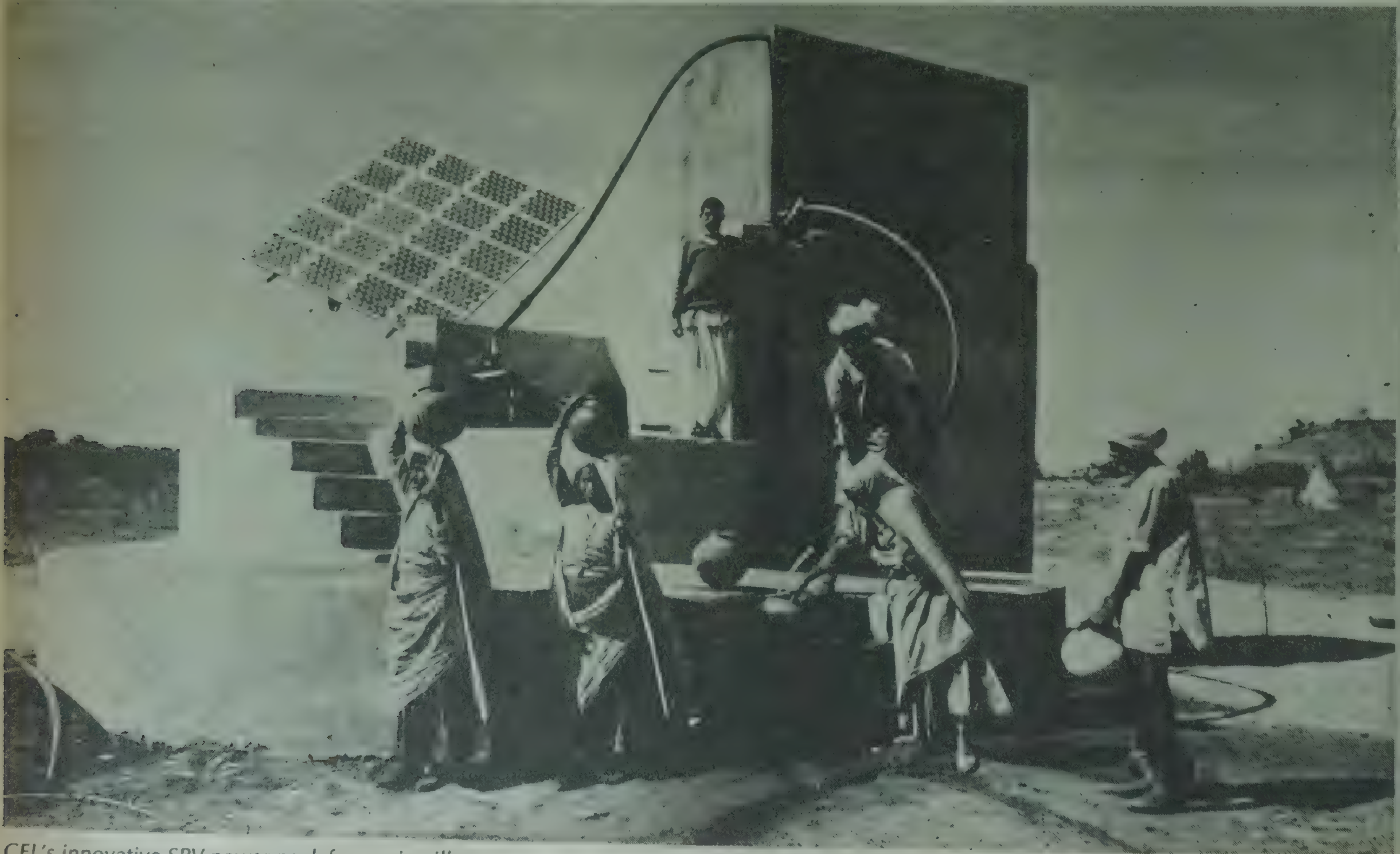
Central Electronics Limited (CEL) moved at a snail's pace for about a decade. Only in the last two years it has gathered speed and is fast becoming a well-diversified and self-sustaining venture for indigenous technology. Turnover registered an over 100 per cent increase for both years.

Says K. R. Narayanan, minister of state for science and technology, "Over the years 1985 and 1986, a great deal of managerial effort for change, as well as sustained work by all have been put in. This has transformed the company into a high-growth, profit-making unit."

It is perhaps the only electronics firm in the country which has achieved this quick growth on the strength of indigenous knowhow. Incorporated in June 1974 as a public sector undertaking, CEL's objective has been to develop and produce electronic products based on the knowhow of the laboratories of the Council of Scientific and Industrial Research (CSIR) and other research organisations. Till 1986 CEL made its entire product range with indigenous technology. (It has only recently signed two foreign collaborations — one for making telephone components and the other for projection television.)

The company's strong commitment to indigenous technology was partly responsible for its unsatisfactory performance till 1984-85. Its growth was tied to the achievements of Indian research agencies. With their weak and limited research, CEL did not receive any technology which it could use to turn out a money spinner. The company also virtually operated as an extension of research agencies, as it spent a lot of its time debugging technology and improving it. It tried to develop several electronic products, some of which did not go into commercial production for various reasons including low demand and technological limitations. CEL hardly ever went into products like liquid crystal devices, electron tubes and lasers. It is only in the area of solar photo voltaic (SPV) cells that CEL really excelled. The company's name is now synonymous with solar cells and systems.

As the bureau of public enterprises pointed out, CEL has had to contend with scattered and rather small demand on the one hand and



CEL's innovative SPV power pack for use in villages competition from established specialised foreign firms or their Indian subsidiaries. CEL's output grew sluggish and its turnover was not even half of its paid-up capital. The company was sustaining itself on research and development grants of about Rs 3 crores a year. It made losses year after year, which exceeded Rs 4 crores by the end of 1984-85.

Since the beginning of 1985 however, the CEL management has been making concerted efforts to improve the working of the company. The steps taken include expansion of its manufacturing facilities, introduction of new products and development of human resources.

C. S. Srinivasan, who took over as managing director in November 1984 and is chiefly responsible for making the company turn the corner, says: "Our growing order book position shows that our image has improved considerably. In fact, we are setting targets higher than the quantum of booked orders, as we have to develop 'stetch capability' ".

CEL has already acquired this strength in ample measure in the field of SPV cells and systems. With the doubling of SPV cell manufacturing capacity to 2 megawatt peak (MWP) in 1986, SPV cells accounted for 67 per cent of company's total output in 1986-87. CEL has 80 per cent of the domestic market. Bharat Heavy Electricals Limited (BHEL), the only other company which makes solar cells, and Rajasthan Electronics and Instruments Limited (REIL), which makes solar modules and systems, have the remaining 20 per cent of the market.

CEL initiated research work on SPV cells in 1976 under a government-sponsored technology development programme. Within two years, it developed laboratory scale technology for fabrication of solar cells and modules. The technology development activity gained momentum with the launching of the National Solar Photovoltaic Energy Demonstration project (NASPED) by the government in 1980. Under this project, CEL developed industrial scale technology and set up a semi-commercial plant with a capacity to produce SPV cells eqivalent to 1 MWP capacity. In 1986, the company added another production line of 1 MWP capacity.

CEL currently makes 27 types of systems and has supplied thousands of them (see chart) to various organisations for applications ranging from house lighting to powering unmanned offshore oil platforms.

An innovative system worth citing here is the SPV power pack of two kilowatt (peak) capacity for use in villages. This product, which is considered to be the first of its kind in the world, is available in three models. One model can operate 15 domestic and eight outdoor fluorescent lights, two water pumping sets, one refrigerator and one colour television set.

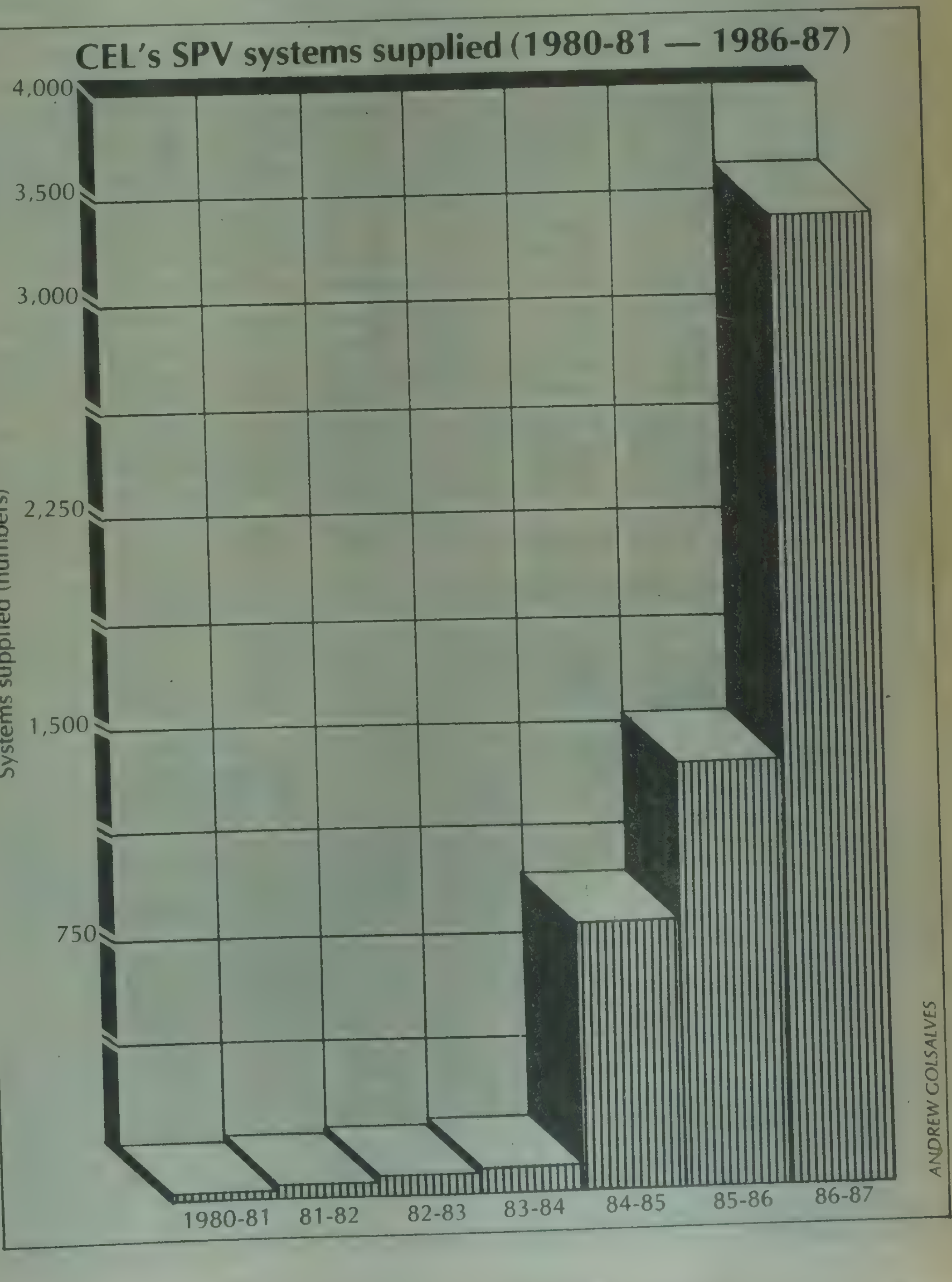
CEL's expertise in the SPV field is evident from the fact that it transferred its technoogy for making modules and systems to Rajasthan Electronics in June 1986, within 14 months of signing a technology transfer agreement. In July 1986, it entered into a similar agreement with Assam State Electronics Development Corporation.

Depending on the demand at home and abroad, CEL can easily expand its SPV manufacturing facility in a short period to 5 MWP, for which government approval was secured in March 1984.

CEL wants to set up a cast silicon pilot plant and an amorphous silicon plant to consolidate its lead in the SPV field. However, the Department of Non-conventional Energy Sources (DNES), the administrative department concerned, is reportedly not interested in funding or involving CEL in its projects. A case in point is the pilot scale plant for amorphous silicon, which is proposed to be set up by the DNES with a foreign collaborator. The department has decided to entrust the job of operating this unit to Bharat Heavy Electricals Limited (BHEL) and has kept CEL at a distance.

CEL has expanded substantially its manufacturing facility for ferrites, a group of electronic components which find use in TV sets, communication equipment etc. It has been producing ferrites with technology from National Physical Laboratory since 1978.

Says Srinivasan, "We are in a good shape in this field. Our market share for ferrities used by the defence sector is 60 per cent and 25 per



cent in the case of other sectors. We are the sole supplier of ferrites to Indian Telephone Industries."

Financial profile

(Rs crores)

	1984-85	1985-86	1986-87 (provisional)	1987-88 (estimates)
Production	3.15	8.95	14.14	20.00
Net sales	2.75	5.61	12.64	19.50
Profit/loss	—0.39	+ 0.17	+ 0.18	+ 0.51
Number of employees	757	806	843	1,000
Capital employed	6.85	9.46	12.00	20.00

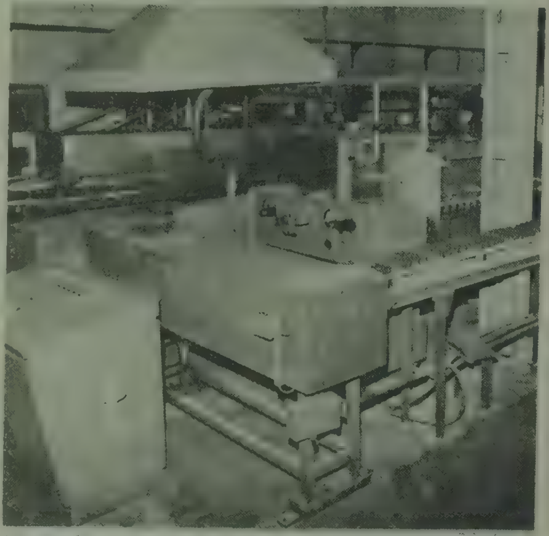
CEL also manufactures some components in small lots including electronic ceramics for which the technology was developed in-house. It signed an agreement with Siemens in 1985-86 for manufacturing piezoelectric transducers which are used in Siemens telephones. The manufacture of these telephones has recently been started by some Indian firms which have imported Siemens technology.

Another area in which CEL has proved a pace-setter is that of electronic private automatic branch exchanges (EPABX). It introduced this product with technology developed by the Bhabha Atomic Research Centre (BARC) in 1984-85, when all other potential manufacturers were looking for foreign collaborators. CEL was thus the first company in the country to manufacture digital EPABX. It has now also started producing EPABX with technology developed by the Centre for Development of Telematics to broaden its product range and offer a wider choice to the buyers. It claims to have a 15 per cent share of EPABX market.

In the case of colour TV, however, CEL made a late entry in the market. It introduced its CTV sets only in 1985-86, when the competition had already become intense. Technology for the CTV was developed by the Central Electronics Engineering Research Institute in 1982. Though CEL has sold a few hundred CTV receivers, it is doubtful whether it can make any impact on the market, as it lacks the marketing infrastructure needed for consumer products.

The company, however, is expected to prove quite successful in marketing its projection television, a product largely meant for institutional buyers. CEL recently started manufacturing this TV in collaboration with Standard Electronics Lorentz, a subsidiary of ITT of West Germany.

This technology import, which does not fit into CEL's objective of tapping indigenous technology, has obviously been taken to improve the company's commercial standing. S. P. Sinha, general manager (systems), CEL, explains the import decision this way: "The lead time that the market was willing to give us for induction of the product was just not sufficient for us to develop the product. So, we went in for technical collaboration with SEL-ITT". For this product, CEL has so far only one competitor: Entel, a Fazalbhoy company, which is manufacturing its projection TV in collaboration with NEC of Japan.



Manufacturing capacity for soft ferrites has been expanded substantially

CEL has also enlarged its range of products for the Railways. Starting in 1983-84 with the production of single entry axle counters, it is now making five types of signalling and safety equipment. CEL has recently developed an SPV-powered radio warning system for installation at unmanned railway gates. All this equipment is based on technology developed by the Indian Institutes of Technology (IITs) and the Research Design and Standards Organisation of the Railways.

CEL's axle counter for the Railways: a respectable 50 per cent market share

Railway equipment accounted for only 7 per cent of the company's total production in 1986-87, but its market share in this equipment group is a respectable 50 per cent. With the railways laying a greater emphasis on modernisation and safety, the demand for CEL's product is expected to pick up rapidly.

The broadening of the existing product range and the introduction of new products together make for a good growth strategy for CEL. The main thrust of the strategy has to be on SPV, which is still not a mature technology. The company has not only to consolidate its existing monocrystal silicon-based technology, but has also to make forays into other silicon and other semi-conductor technologies, if it wants to maintain its commanding position. CEL is more than willing. But much depends on the government, particularly the DNES. Will the government extend its full budgetary and political support?

BY A SPECIAL CORRESPONDENT

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DANZAS AG — A Corporate Profile and its Role in India

'An Aerial View of New Office of DANZAS AG BASEL SWITZERLAND'

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At its corporate headquarters in Basel, Switzerland, the senior executives of the company are very much India oriented. The Chairman of the Board of Directors is Dr. David Linder who is assisted by Mr. Werner Wettstein, General Management Overseas, and Mr. Peter Schlaepfer, Deputy Director — Traffic Management and Development for India, Pakistan, Nepal, Sri Lanka, Bangladesh and the Middle East. In India, Bombay (Tel: 266751/261531, Telex: 11-75446) Danzas is represented by Capt. D. Sethi who is well-informed and conversant of the Indian conditions and how Danzas would be able to meet the requirements of Indian customers.

Last but not least, Danzas, though relatively a newcomer on the Indian scene, is firmly committed in helping the Government of India in meeting the growing expectations of its teeming millions and assuring a place for itself as one of the leading industrialised nations of the world.

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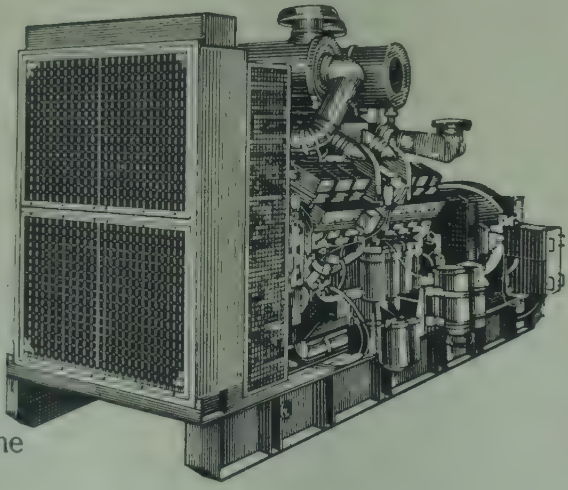

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TRACTORS

On the road to recovery

With the banks relaxing lending rules and the government abolishing excise on low powered tractors, industry sales have shown an encouraging upward trend. Manufacturers expect demand to keep rising for at least five years

After a bad patch of five years, things are again looking up for the Rs 700 crore tractor industry. Since the beginning of 1987, sales of tractors have been going up every month and during the first six months of the year (January to June 1987), the industry sold 41,657 tractors, 14 per cent more than in the corresponding period of the previous year. Two main factors are responsible for this change — first, a relaxation in banks' lending norms for the purchase of tractors; and second, the abolition of excise duty on low powered tractors that helped boost the demand for such tractors. This spurt in demand has in turn led to a rush of manufacturers wanting to make tractors in this category, which till recently was dominated by only two manufacturers.

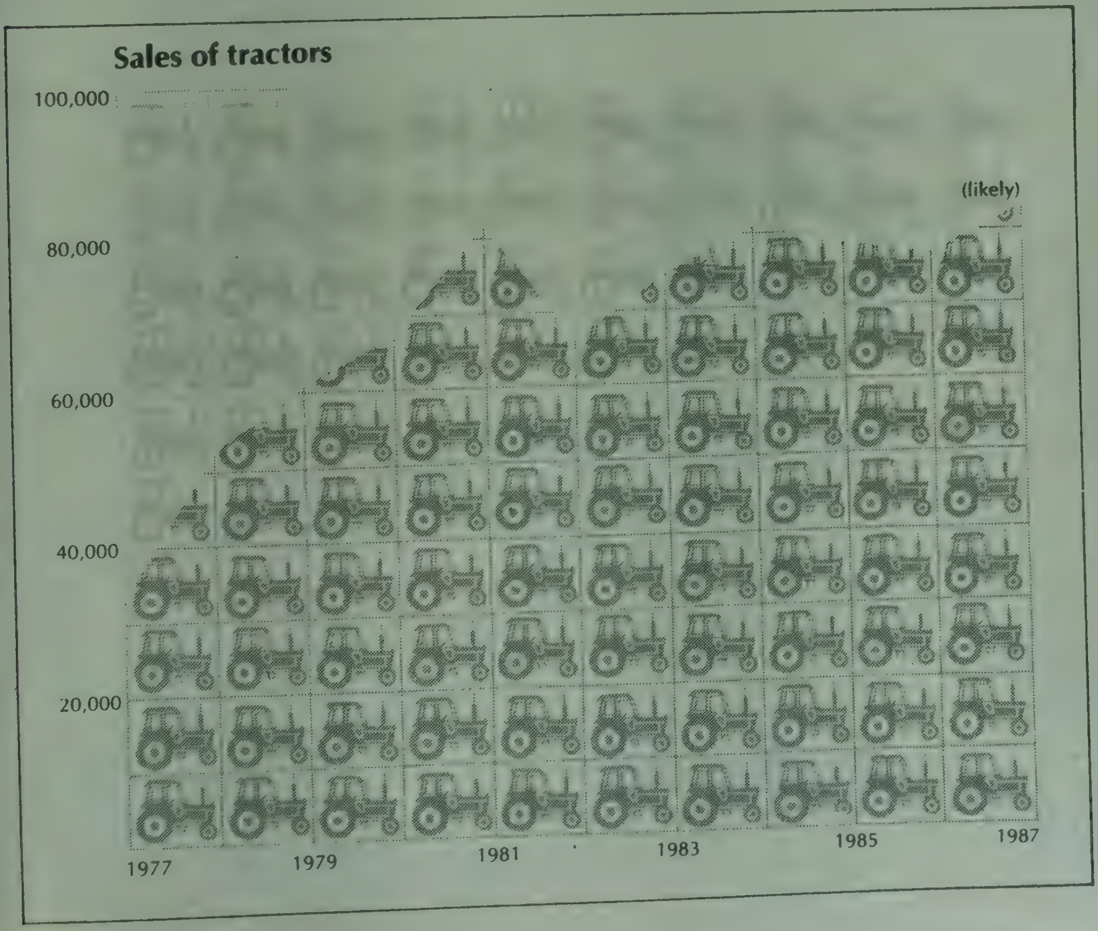
"Looking at the present encouraging trends in sales, we expect that in 1987, the industry will make somewhere between 83,000 and 84,000 tractors against 77,535 sold in 1986 and thus may surpass its best record — 82,000 in 1981," said a satisfied Alan Durante, general manager, marketing, of the tractors division of Mahindra and Mahindra (M&M). The company, based in Bombay sold 25 per cent more tractors in the first six months of 1987 compared with the same period the previous year. Similarly, during the same period, Escorts Limited, another leading manufacturer based in Delhi, increased its sales of tractors by nearly 50 per cent from 6,571 to 9,759.

Traditionally, the four northern states — Punjab, Haryana, UP and Rajasthan — where the green revolution took place, is the largest market for tractors. These four states together account for two-thirds of the total sales of tractors in the country. This is followed by the western states (13 per cent) of Gujarat, Maharashtra and MP; the southern states (9 per cent) of AP, Tamil Nadu, Kerala and Karnataka; and the eastern states (7 per cent) of Bihar, Orissa, West Bengal and Assam. After a lull of four to five years, the northern market has bounced back to 1981 levels. "In Punjab, the farmers have probably decided, after waiting for a couple of years, that there is no point in deferring purchases. The violence there will probably continue indefinetely and things will not be normal for a long time," said H.D.S. Malhotra, senior director, Eicher Goodearth Limited, a leading tractor manufacturer based in Delhi and catering mainly to the northern states. Among the eastern states, Bihar too is catching up fast. But the persistent drought conditions caused by poor monsoons over the last few years in the western states and some of the southern states has kept these markets depressed.

The most important factor that determines the sales of tractors after the monsoon is perhaps the quantum of money disbursed by the National Bank for Agriculture and Rural Development (NABARD) towards refinancing the loans given by the banks for buying tractors. The conditions attached to such loans also affect sales. Set up under the RBI, NABARD serves as the apex refinancing agency for those institutions providing investment credit for promoting the various developmental activities in rural areas. Under its farm mechanisation scheme, NABARD provides refinancing to the extent of 50 per cent of the loans sanctioned by a commercial bank for the purchase of a tractor by a farmer. The farmer however, is, supposed to arrange for at least 15 per cent of the tractor's cost. The loan sanctioned by the banks should not be more than 85 per cent of the cost. In the case of state land development banks (SLDBs), NABARD provides refinancing to the extent of 75 per cent of the amount. In the last two years, NABARD has disbursed around Rs 200 crores each year under its farm mechanisation scheme. "The role of NABARD in the sales of tractors is crucial because nearly 95 per cent of the tractors are sold with a loan arrangement," Durante pointed out. "In 1982, the sharp drop in sales (20 per cent) was a direct reflection of very stringent conditions stipulated by NABARD for tractor loans," he added.

The current boom in sales too, according to Durante, is the result of NABARD relaxing several norms for tractor loans. A senior official at NABARD's head office in Bombay spelt out the following relaxations in the conditions for refinancing loans under its farm mechanisation schemes.

- The minimum landholding for an applicant for a tractor loan has been reduced from 10 acres to eight acres of irrigated land.
- The loan repayment period has been in-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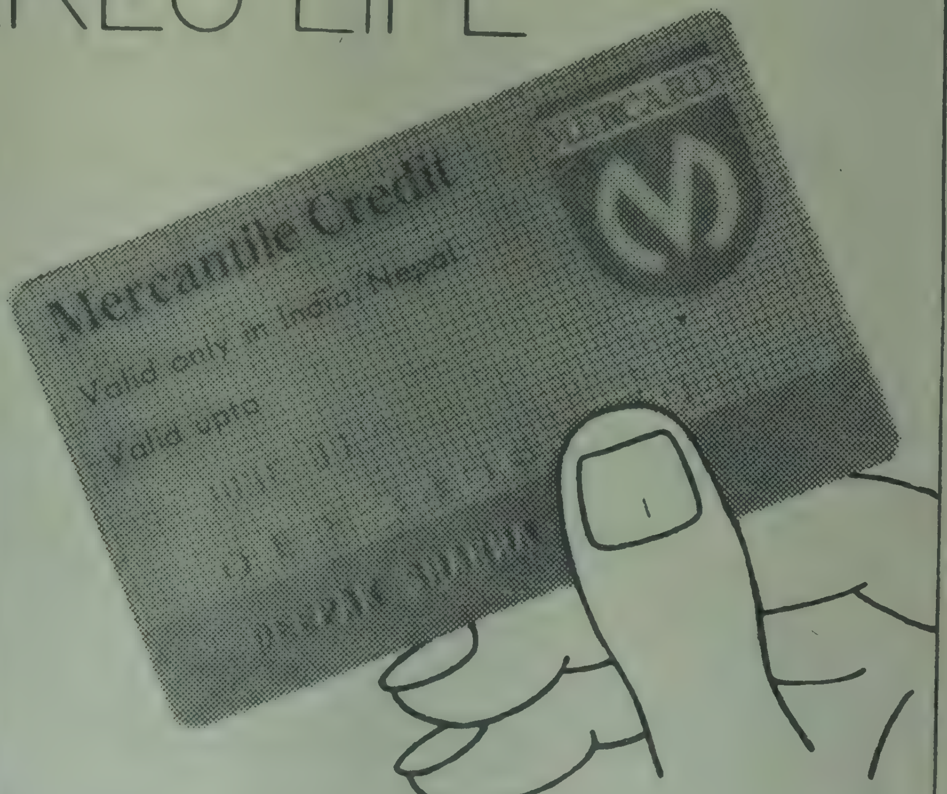

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creased from seven years to nine years.

- An applicant wanting to buy a second tractor need only wait three years now, instead of the previous seven between the first and second purchase. However, the down payment for such purchases has been increased from 20 per cent to 30 per cent of the cost.

In addition, to increase tractorisation in the rice producing states, NABARD has enhanced the refinance ratio to as much as 90 per cent in the case of commercial banks and 95 per cent in the case of SLDBs. The areas covered under this provision are eastern UP, AP, Bihar, Orissa, WB, Assam and the other north eastern states. "As a result of this, the sales of tractors in Bihar alone are expected to go up by nearly 50 per cent this year," Durante said.

The other important factor which has contributed to the pickup in sales is the abolition of excise duty on lower HP tractors by the government. In April 1985, tractors up to 25 HP capacity were totally exempted from the excise duty, while for the others, duty was fixed at 15 per cent ad valorem. Subsequently, in April 1986, the rate of duty was increased to 15 per cent and from April 1987, the norm for duty exemption was changed from 25 HP capacity to 1800 cc engine capacity. Although a 25 HP tractor normally has an engine capacity of 1800 cc, specifying engine capacity became essential for the purpose of levying duty because manufacturers of larger HP tractors would evade duty through simple derating by adjusting the fuel supply system.

Table 1

Tractor Industry: market share

Companies	1981 Sales	1981 Market share (%)	1987 (Jan-June) Sales	1987 (Jan-June) Market share (%)
Mahindra & Mahindra	13,423	16.2	8,845	21.2
Hindustan Machine Tools	11,305	13.6	7,755	18.6
Escorts Ltd	13,174	15.9	5,978	14.4
Escort Tractors Ltd	7,411	8.9	3,609	8.7
Eicher Goodearth Ltd	14,470	17.5	7,023	16.8
Tractors and Farm Equipment Ltd	8,833	10.7	5,421	13.0
Punjab Tractors Ltd	9,820	11.8	2,585	6.2
Others	4,482	5.4	441	1.1
Total	**82,918**	**100.0**	**41,657**	**100.0**

All lined up for an expanding market

Encouragement for the purchase of lower HP tractors was provided mainly for two reasons. Unlike the situation in the western countries, where the huge size of the farm makes it essential to use very high powered tractors (up to 120 HP), in India the landholding is generally small and lower HP tractors are more suitable for economic and efficient operations. Also, the agricultural implements used along with the tractors also match the lower powered machines.

Following the tax exemption, the rapid growth in the sales of 25 HP tractors (and below) has in turn led to a rapid change in the HP composition of tractor sales (table 2). From about 27 per cent, the share of 25 HP tractors has risen to 35 per cent in 1986 and according to Durante, who keeps a close watch on the monthly sales of tractors, "it has already emerged as the largest segment, occupying about 45 per cent of the market around the middle of 1987, followed by 35 HP with a share of 40 per cent". In UP for instance, where the state government exempted 25 HP tractors from sales tax, the sales of 25 HP tractors have doubled in the last two years and in 1986-87, out of the total sales of 20,000 tractors, these accounted for 63 per cent of the

Sivasailam: further concessions needed

market.

The fall out of this, obviously, is that more and more manufacturers are now entering this market which was dominated so far by only two manufacturers — Hindustan Machine Tools (HMT), a public sector undertaking with its tractor plant at Pinjore (Haryana), and Eicher Goodearth in Delhi. The third, Punjab Tractors, which sells under the brand name Swaraj, is trying to increase its market share from around 10 per cent in the earlier years. M&M and Escorts have already introduced its 25 HP model in 1986 and are now planning to step up their production in a big way. Similarly, the Madras-based Tractors and Farm Equipments Ltd (TAFE) which had been mainly concentrating on the 35 HP market is also planning to enter the 25 HP market before the last quarter of this year, according to TAFE chairmain A. Sivasailam.

Price-wise too, there is a huge difference. At an average price of Rs 64,500, a 25 HP tractor today is about 30 per cent cheaper than the 35 HP and 40 per cent than 45 HP. Thus, lower prices have led not only to a switchover to lower HP tractors, but have also expanded the overall demand by making it affordable even to smaller farmers. Growing demand, however, is unlikely to create any scarcity in the market. Against the total licensed capacity of around 175,000 tractors, the industry has an installed capacity of about 110,000. The demand, according to industry estimates, is unlikely to cross 95,000 in the next five years. The market today is dominated by six large manufacturers who enjoy more than 90 per cent of the market share (table 1).

At least six other units, operating till 1981 have dropped out for a variety of reasons. Because demand was slack, most of them could never achieve the viable volume of output essential in a capital intensive industry like tractors. Some of the units were also a victim of prolonged labour unrest.

Among the big six, no single firm dominates. There was a time when Escorts Ltd (which markets the tractors manufactured by its sister company Escorts Tractors Ltd) used to command nearly 28 per cent of the market share, but over the years it has lost some ground to HMT and M&M. "Today, no firm is big enough to dictate the terms in the market," Durante says, "and almost all the brands are available off the shelf."

Technologically too, the tractors produced in India compare well with those made in the advanced countries. Among all the popular brands of tractors, only Swaraj, manufactured by Punjab Tractors, is based on 100 per cent indigenous technology. The others are made in technical collaboration with makers of world famous brands. They are International Harvester (M&M), Ford (Escorts), Ferguson (TAFE) and Motokov (HMT). Of course, over the years, the technology absorption has been 100 per cent and now the industry is totally self-sufficient. A recent ministry of industry committee report, which looked into the fuel efficiency of tractors made in India, also found that "the technological gap between Indian and international tractors is relatively smaller than that existing in the other four wheeler automobile sectors. This is largely due to the greater competition and relatively newer foreign collaborations in this industry".

Durante: 'no firm can dictate terms'

The most crucial question for the manufacturers of tractors, today, perhaps, is whether the spurt in demand witnessed this year is a passing phase. There is no doubt that the good old days of the late seventies, when sales grew by 15 per cent every year, are unlikely to return. But the industry appears to be quite confident of achieving a sales growth of at least five per cent per annum.

Says Malhotra of Eicher: "I think the tractor industry has once again entered an upward cycle and this growth should continue for another five years or so." With the spreading of the green revolution to the rice belt areas and with the fiscal concessions and financial support provided by the government, the demand for tractors in the rice producing states is expected to go up substantially. Similarly, in the western and southern states where demand has remained subdued due to drought, a good monsoon may cheer up the market. But there are also some who feel that greater concessions are required for the industry's healthy growth. For instance, says Sivasailam of TAFE, "depending on the climatic and soil conditions and actual use, a 35 HP tractor is sometimes considered ideal and therefore should be exempted from the excise duty". Others emphasise that, instead of the present policy of allotting funds on a year-to-year basis, NABARD should develop a stable and long term credit policy with the commercial banks to ensure that farmers get adequate finance in advance to buy tractors. This, the industry feels, would enable the manufacturers to formulate long term plans for production, modernisation and expansion. A NABARD spokesman, however, reacted to this suggestion by saying that "our job is not to run the tractor industry and there are many other priority programmes for rural development where NABARD puts its funds, depending on the requirements that are renewed on a year-to-year basis." At the same time, it also ruled out any possibility of reversing the loan relaxations in the near future as the existing policy is paying off.

Table 2

The changing product mix

	1981		1986	
	Sales	% share	Sales	% share
25 HP	22,304	27	27,110	35
35 HP	47,371	57	38,123	49
45 HP	13,243	16	12,302	16
Total	**82,918**	**100**	**77,535**	**100**

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KELTRON

Kora's exit

Several decades ago, Keltron House, corporate headquarters of the Kerala State Electronics Development Corporation, used to be a palace. And palaces have always been centres of intrigue and conspiracy. Lately, this hoary tradition seems to have caught up with Keltron. For some time now, the corporation has become entangled in vicious politicking, with different interest groups of employees and ex-employees plotting and scheming to oust one another.

The latest and loudest upshot of this occurred on 15 July with the sacking of K. Thomas Kora, Keltron's chairman and ex-officio secretary for electronics to the Kerala government. The official government order stated that the termination was due to the new government's policy not to re-employ or grant extensions to retired government servants. Kora retired as secretary, ministry of communications, and was appointed Keltron's chairman on 13 June 1986 for a period of three years.

But many people in the know believe that there is more to the sacking than meets the eye. Rumours about Kora's removal had been afloat ever since the Left Democratic Front (LDF) government came to power in March. However, the declared policy of the new government was not the only reason for the rumours.

Some of Kora's recent actions threatened to rake issues which could smear the previous management of K.P.P. Nambiar, Keltron's founding father, and now secretary, department of electronics. And the LDF government views Nambiar as the blue-eyed boy of Kerala's industrial scene.

Thus, when Kora announced that Keltron had lost about Rs 2 crores in 1984 in the import of defective TV kits from the Korean company Goldstar, Gouri did not take too kindly to this public admission. Kora also drew the ire of his detractors when he began to question the apparent favouritism in the recommendations for appointments to some posts.

Kora also disagreed with the government over the proposal to transfer Keltron's Electronics Research and Development Centre (ERDC) to the department of electronics to be made into a national centre for electronics R&D. The idea, first mooted by Nambiar during his chairmanship, was approved by the state government which lacks the funds to pump into ERDC. Present annual funding of ERDC is only about Rs 50 lakhs.

Both Kora and managing director A.K.K. Nair are against the move. Kora feels it will rob Keltron of vital supportive in-house R&D. A national centre would focus on basic research and Keltron would lose the benefit of applied industry-oriented R&D. Starting from scratch to create similar facilities for Keltron would involve heavy costs and take three to four years, says Kora.

Within ERDC, scientists and engineers are divided on the proposal. Some welcome it, visualising the better pay and conditions of the central government. Others fear loss of promotion opportunities and the inability of the new centre to absorb all of them. Undoubtedly, if planned and executed well, such a centre could attract new talent and benefit the country's electronics industry. Clearly, Keltron's loss will be the nation's gain. But, asks Kora, why cannot such a centre be created elsewhere out of other existing independent institutions? Why choose an integral part of Keltron, its in-house R&D wing?

Kora's critics point out that his tenure was mundane and undramatic and that Keltron has not done all that well in the increasingly competitive electronics market. Kora's answer is that his immediate aim was to consolidate Keltron's performance and to make each unit viable, rather than add to the list of sick Keltron companies.

Kora has also been criticised for being tardy in availing of IDBI loans, when Keltron's internal finances are hardly adequate. His explanation, however, is that procedural delays, and not ineptness, are the cause.

SMOOTH RELATIONS

Kora also claims that his tenure saw smooth industrial relations without "even a murmur" of protest. Union leaders agree but attribute this more to the fact that no new issues cropped up during the period. While they vouch for Kora's accessibility, they point to a chronic issue pending solution — the company's promotion policy. This is a long-standing grouse, which surfaced several years before Kora's arrival.

When he took over, Kora says, the main problems confronting him were the low morale of the staff and the financial indiscipline. The staff, he claims, felt that there was a lack of justice and fair play, leading to a few out-of-turn promotions. On the managerial side, systems and methods were weak and blurred, with gaps in accountability. In the Goldstar TV kits import case, Kora could not pinpoint responsibility on who had finally cleared the consignment and why adequate quality assurance tests had not been done. The files lacked precise details and his investigation got nowhere.

One example illustrates Keltron's weak financial and reporting systems. Several items imported for colour TV production landed in Madras in May 1985. To clear these, Keltron needed about Rs 141 lakhs. But as late as 18 November 1986, management action was still confined to memos. Meanwhile, the weekly demurrage charges amounted to about Rs 40,000.

The new management of Kora and Nair did introduce a computerised MIS with monthly review meetings of division heads. But this has not yet been translated into noteworthy cost reductions.

According to Kora, tentative figures for 1986-87 show a 13 per cent growth in turnover from the previous year's Rs 60.96 crores to Rs 68.71 crores. This achievement, however, is not remarkable. Even at this increased level, Keltron will still end the year with a loss close to Rs 5 crores. Apart from the previous inherited loss of over Rs 5 crores, the other contributing factor is the continued poor performance of the consumer electronics division. Its sales dropped from Rs 28.09 crores to Rs 23.30 crores. Keltron TV took a severe beating in the market, with the state's sales tax structure making its set costlier than competing brands.

Overall, reactions to Kora's dismissal have been mixed, true to the tempestuous groupism within Keltron. Many consider the sacking to have been abrupt. Though Kora himself wa certainly aware of rumours of an imminen firing, he too was surprised at not being given an early warning, or some inkling of when th axe would fall. While he claims that he is no bitter about his sacking, Kora is certainly disappointed at not being able to complete th game plan he had for Keltron. "In my 1 months, I had just begun to get the hang o things. We had begun examining all Keltro companies to plan revitalisation and modern sation schemes," he said.

As a result of all this, many of Keltron's to executives are insecure and uncertain abou the future. For one thing, the transition perio between chairmen will put a brake on man corporate activities. For another, the presen state of flux implies more changes. And ther is fearful speculation about whose heads wi roll.

Kora's successor will be S. Krishna Ra corporate director (R&D) of Bharath Electronics Ltd, Bangalore, Rao has an unenviab task ahead of him — turning around th morale of Keltron's employees will prove a crucial as turning around its financial performance. Besides, all the politicking and muc raking has shot holes through Keltron's corporate image.

Outside Keltron House is a billboard whic shouts: "Funny is funnier on a Keltron Things are certainly funny in Kerala's premi industrial organisation, but for Rao it won't fun and games.

K. G. KUMAR

ANDHRA PRADESH

AP budget covers up harsh reality

'he wholesale reshuffle of the Andhra Pradesh :abinet by chief minister N. T. Rama Rao on he opening day of the state assembly's budget ession came to many NTR watchers as a leasant surprise. There were no obvious olitical compulsions for such a reconstitution of the ministry on 11 July. However, many eople were puzzled to find that '. Mahendranath, the state finance minister, vas spared the axe, though NTR is believed to ave been dissatisfied with his performance ll along. The finance minister, it is believed, vas left undisturbed because he was to pre- ent the budget for 1987-88 to the assembly ours after the reshuffle. The budget proposals urned out to be a bigger surprise as, despite oing in for a massive additional resource nobilisation, the finance minister still indi- ated a huge uncovered deficit.

tatistical jugglery. The budget document ooked like an exercise in statistical jugglery, vith the obvious intention of concealing the arsh realities about state finances and the nancial mismanagement now rampant in the ate administration. The finance minister ssumed the opening deficit in the current ear (1987-88) to be Rs 66.65 crores, the same gure as quoted in the interim budget (pre- ented in March 1987). However, the year's osing balance (net deficit) has been re- koned at Rs 237.76 crores in the latest udget document as against Rs 166.23 crores nown in the vote-on-account budget.

The budget document shows additional re- ource mobilisation of Rs 429.15 crores (with s 228.07 crores from 1987-88 measures one) in 1987-88. This represents a big jump ver the additional resources assessed at s 246.01 crores (including Rs 45 crores from 987-88 measures) in the vote-on-account udget. The state's plan outlay has been arginally increased by Rs 32 lakhs, from s 1,539.96 crores in the interim budget to s 1,540.28 crores in the latest document.

Obviously, the gap has grown substantially the final budget from the interim one, on count of the overall increase in the revenue on-plan) expenditure estimates.

The finance minister claimed that the un- vered deficit would be contained by observ- g further economy in non-plan expenditure, by maximising collections, by improving efficiency and through continued application of zero-base budgeting.

Given the fact that the finance minister came up with two batches of supplementary demands in 1986-87 and increased the revenue expenditure estimates substantially in the final budget for 1987-88 from those indicated in the interim budget, any hopes of economy in non-plan expenditure appear Utopian. On the other hand, there are apprehensions that the actual deficit in 1987-88 would be much higher, for many reasons, than the one now estimated by the finance minister.

First, the actual deficit in 1986-87 would be higher than the revised estimates, on account of shortfalls in revenues and increases in outlays. Second, the revenue collections assumed in the 1987-88 final budget are on the higher side, considering the collections realised under the state taxes in 1986-87. Third, there is no guarantee that the finance minister will not come up with supplementary demands during the course of the year.

Different estimates. The finance minister appears to be overconservative in estimating the expenditure and highly optimistic in assuming the revenue collections. For instance, the revised estimate for sales tax collections in 1986-87 is shown as Rs 920 crores though actual collections worked out to Rs 848 crores, indicating an increase of only Rs 87 crores over 1985-86. However, the budget estimate for 1987-88 is Rs 1,208 crores from sales tax, assuming an increase of Rs 360 crores in a year, which is on the high side.

The finance minister can, of course, attribute the revenue shortfalls in 1986-87 to factors like severe drought and unprecedented floods in some parts of the state, which affected the agricultural economy and necessitated massive relief measures. He cannot expect the revenues to be buoyant this year, considering the power cut which was in force for three months (from mid-April to mid-July) for high tension industrial consumers and the steep power tariff hike (effective from mid-July), which is likely to induce industrial sickness all around.

Things being what they are, it would cause little surprise if the budgetary deficit mounts to Rs 500 crores or more in 1987-88. Already, since April, the state government has hiked the sales tax and motor vehicle rates, levied professional tax, luxury tax and entry tax and permitted APSEB to revise the power tariff. The expected yields from these sources are taken into account in the latest budget estimates. Therefore, the finance minister's hands seem tied as he cannot now impose any more taxes.

SYED AMIN JAFRI

KARNATAKA

NGEF under fire

The New Governement Electric Factory Ltd (NGEF), owned by the Karnataka government, has come under fire following the authorities' decision to allow increased equity participation by its foreign collaborator AEG Aktiengesellschaft, the West German engineering conglomerate.

Late last year, the company had decided to increase its subscribed capital from Rs 9 crores to its authorised limit of Rs 10 crores to further its modernisation and diversification plans. The increased equity was to be shared by the Karnataka government and AEG in their respective shareholdings ratio of 86 per cent and 14 per cent. However, following the state government's decision against investing Rs 86 lakhs (because of inadequate resources), AEG was allowed to subscribe to the rights issue of 100,000 shares worth Rs 1 crore on its own. Critics say this plan was politically motivated. According to K. N. Nage Gowda, Congress (I) MLC, "The government is selling out its interests and this move amounts to invasion of the Indian corporate sector by multinational giants."

Significant niche. Set up 23 years ago, NGEF has come to occupy an important place in the country's engineering industry. Originally a departmental undertaking of the erstwhile Mysore government, NGEF — in collaboration with AEG-Telefunken of West Germany — was converted into a public limited company in 1965 for the manufacture of various items of electrical machinery like transformers, motors, switchgears and convertors. Today, despite competition from private sector companies like Siemens, Crompton and Kirloskars and public sector companies like BHEL, NGEF has captured between 12 and 15 per cent of the market share in various competing products.

While the company had faced problems between 1982 and 1984 and had to skip dividends because of a downward trend in profits, the last three years have witnessed a significant reversal. The financial year 1985-86 saw turnover topping Rs 91 crores as against the previous year's Rs 76.51 crores, and its net worth increasing from Rs 32.14 crores to Rs 39.87 crores following a revaluation of land. As a result of the improved turnover, profits also increased from Rs 91 lakhs to Rs 3.08 crores and the company was able to declare a 10 per cent dividend. Incidentally, no dividend had been declared between 1981-82 and 1983-84.

Paradoxically, it is in the context of the company's improved performance that NGEF is being criticised for allowing increased equity participation by its German collaborator. According to critics both within the company and the government, the company's improved performance has pushed up the fair value of the share to Rs 119 as against its face value of Rs 100. Thus, by forsaking its right to subscribe to the new shares at face value, the state government is now adversely placed in the relative equity ratio position in the company. (Since the new issue, the state government and AEG's shareholding ratio has changed from 86:14 to 77.4:22.6).

Political motives were ascribed to the government's decision as soon as chief minister Ramakrishna Hegde left on a month-long foreign tour which included a stopover in West Germany, where he was to hand over the new share certificates personally to the AEG management.

Turnabout. According to company sources, AEG chairman Heinz Durr had met Hegde in Bangalore in May 1986 to discuss AEG's closer association with NGEF. Yet, in August 1986, when the NGEF board decided to increase its subscribed capital from Rs 9 to Rs 10 crores, it was proposed to offer the new equity to UTI and LIC, which had both subscribed to the debenture issue of the company.

UTI deposited its share of Rs 50 lakhs towards the new issue and was awaiting receipt of the share certificates when in January 1987 the NGEF board of directors changed its stand and decided to offer the new issue to its two exiting shareholders. But, following a recent government decision against investing further in state government undertakings, the Karnataka government waived its right to subscribe. And, as is admissible under the provisions of the Companies Act of 1956, AEG subscribed to the entire rights issue on its own. By April 1987, AEG had transferred Rs 1 crore for the new equity, and the next month Hegde was in West Germany personally handing over the share certificates to AEG.

While the Congress (I) opposition in the state led by Nage Gowda and G. S. Basavaraj (MP) lost no time in denouncing the state government and NGEF officers for their "motivated action in favour of their West German collaborator", industries minister J. H. Patel, supported by various press releases from NGEF, attempted to clarify the issue.

About the decision not to issue new shares to UTI, it was explained that the NGEF board of directors had voted out the proposal on the ground that the UTI offer ran the risk of NGEF's shares falling into private hands, since, under UTI's rules it cannot hold on to shares indefinitely — especially when there is a prospect of capital appreciation. In this situation, rather than include new shareholders, thereby facing the prospect of privatisation, the board endorsed the proposal to offer the entire Rs 1 crore worth of equity to AEG. The state government had also renounced its share in favour of AEG, since the state exchequer was already incurring an annual loss of Rs 55.6 crores on its Rs 241 crore investment in 63 public sector enterprises in Karnataka. Considering its precarious financial position, the government was not inclined to invest more money, even in a profit making company like NGEF.

Free to act. While critics in the Congress (I) opposition fear that AEG's increased participation could adversely affect NGEF's interests, company spokesmen insist that this won't happen. For one thing despite its increased shareholding, AEG will not place another director on NGEF's board (it has only one director now). Also, since NGEF has not entered into an umbrella agreement for a technology transfer, it remains free to enter into contracts for new technology with other companies in the world market. NGEF has already tied up with Japan's Toshiba and Italy's Sace for a technology transfer for high tension motors and high capacity switchgears.

Some critics, however, believe that increased participation by AEG is redundant for the simple reason that AEG's technology no longer remains the best choice for the range of products manufactured by NGEF. While NGEF has already tied up with Toshiba and Sace in some areas, it has become self-reliant in others, with a successful R&D division of its own. Says an insider, "At this point, when our options should be open so that we can tap the best technology available, it seems meaningless to get more intimate with a single collaborator who cannot meet many of our requirements."

However, the NGEF management rejects this charge as one-sided and misleading. Says G. R. Sarma, managing director of AEG-NGEF (a sister concern of NGEF with 50 per cent shares held by the Karnataka state government, 40 per cent by AEG and 10 per cent by a private industrialist): "In all these years, NGEF has had an excellent working relationship with AEG and in many instances, AEG has even gone beyond the scope of the contract to be of help to NGEF. Today, if NGEF's products can compete favourably with the best in the market, it is mainly because of its association with its German collaborator."

In India, AEG designed the complete electrical system of the underground trains of the Calcutta Metro. In collaboration with NGEF, it is now supplying electrical equipment for another 64 coaches. Also in collaboration with NGEF, AEG is supplying on a turnkey basis complete electrification required for the light and medium merchant mill of the Vishakapatnam steel plant, the degaussing reactor cooler pumps for the Nuclear Power Board of India.

Thus, even as the debate continues, with Congress (I) opposition leaders making wild allegations of kickbacks and payoffs, the company's public relations department has been trying hard to refute the detractors. According to its spokesman, "Apart from demoralising our management, this entire campaign has only served to scare off foreign investors."

R. PRABHAKAR

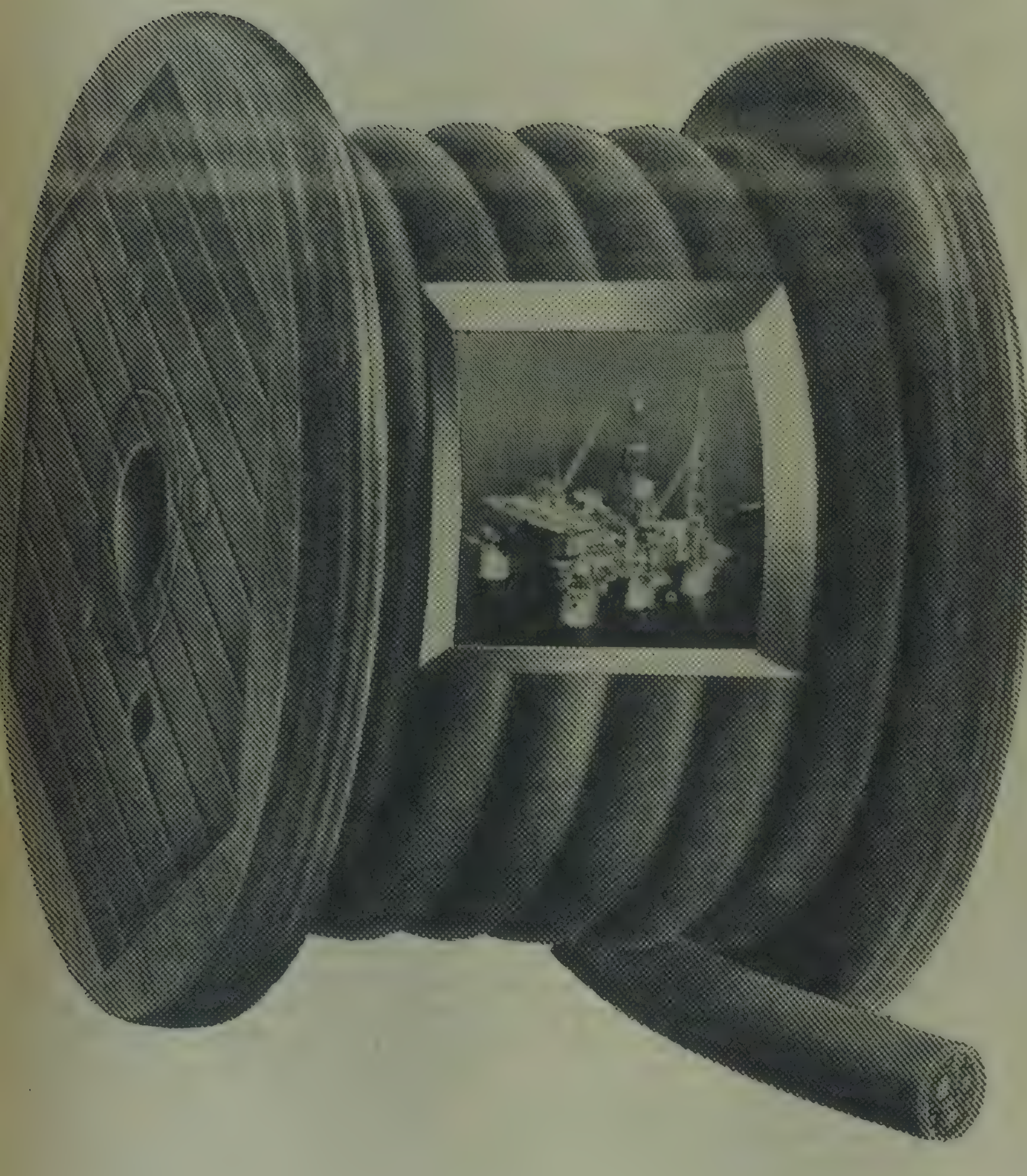
Blown out of all proportion

When Karnataka chief minister Ramakrishna Hegde made an offer to the UTI to subscribe to the government's rights portion of the Rs 2 crore issue of NGEF, the UTI management was only too happy to accept. Subsequently, the Karnataka government decided to renounce its rights entitlement in favour of the other shareholder, AEG, West Germany.

Currently, the ratio of shareholding of the government and AEG stands reduced to 77:23. Says a UTI spokesman: "What the state government made was just an offer. There was no exchange of correspondence; it was so casual. It is up to the government to decide to whom to make the allotment. Unfortunately, the whole issue has been blown out of all proportion."

The relevant point to note is that after the rights renunciation, the government remains by far the dominant shareholder in NGEF. If there is a dilution in the shareholding by the state government it is negligible. And its fears that the UTI might unload its shareholding in NGEF are certainly not unfounded. Comments a UTI spokesman, "We do not believe in any compulsion on what we should do with our investment. Any equity investment is a high risk investment and it is up to us to book profits when we choose to."

Given this scenario, Hegde's rejoinder to a Delhi-based newspaper holds water. He pointed out that the UTI was entitled to dispose of its shareholding in any company without referring to the views of other shareholders. "Thus any insinuation that the state rejected the offers of UTI and LIC to invest in NGEF was a deliberate lie propagated with dubious political motives."



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SPEER 251 87

Steel — a gateway to global markets?

Current Indian export development strategy appears diffused over a wide range of commodities and primary manufactures. Some are with, more are without, any intrinsic competitive advantage, and largely aided by price subsidies. We appear reconciled to peddling down market, subsidised exports.

With export growth on the slow track at around Rs 12,000 crores per annum, we are not making headway towards the target of Rs 50,000 crores per annum in the year 2000. The achievement of this goal entails an average GNP growth rate of 5 per cent per annum coupled with some external trade surpluses. Clearly, this growth rate will need a determined push to up-market, value added products with a strong competitive advantage. We need to evolve product targeting strategies directed at the acquisition of some clout in global markets.

An economy of India's size is incapable of setting new global trade flow trends. It must seek meaningful strategic opportunities from the megatrends established by the majors in the global marketplace.

Its first task is to identify such megatrends. One such trend is the shift in primary manufacturing from market to raw material resource proximity locations. This is evidenced by significant shifts of supply capacities from the US, Japan and the EEC of steel and steel manufactures to South Korea and Brazil.

Let us now take a look at the first of these products, steel. Extrapolating the current trend to the year 2000, we get the following scenario of the global steel supply/demand balance.

This scenario takes into consideration the ever increasing inroads of emerging new structural materials, like plastics and composites, into the steel markets. It postulates the transition of the developed industrial economies from net exporters to net importers in the early 1990s. The trend is considered to be self-reinforcing thereafter up to the point of decline and elimination of steel as a viable structural material, perhaps in a time frame of 50 to 75 years. This prognosis of an increasing shutdown of uneconomic steel capacity in industrialised countries is matched by a modest growth in global demand. Does this trend provide countries like India with an opportunity to develop a dominant supplier position in the global marketplace?

Country	Capacity in MM tonnes/ year crude steel			
	1985	2000	Increase	Decrease
US	82	30	—	52
UK	15	5	—	10
W Germany	40	10	—	30
France	19	5	—	14
Japan	150	50	—	100
Brazil	14	100	86	—
Mexico	9	60	51	—
India	10	80	70	—
China	18	120	102	—
S Korea	12	40	28	—
Australia	6	80	74	—
Others	1	20	19	—
			430	206

The probable participation of countries in this global trade restructuring scenario is given in the table. The common denominators for the countries benefiting from the projected restructuring scenario are the local availability of iron ore, coal, and limestone. The factors used to differentiate the quantity of restructuring are availability of infrastructure, skilled labour, electric power, natural gas, domestic market and the degree of integrated availability of basic raw materials. This differentiation in competitive spread is further subject to the "early bird catching the worm" and the success of the technology, marketing and financing strategies adopted by the participating countries.

India's current capacity, from its relatively small plants, has no competitive advantage internationally. For India, export market based steel capacity will need to be located at ports currently geared to iron ore export — Paradip on the east coast and Marmagao on the west.

Emerging technological innovations in steel production will focus on single stream blast furnaces of larger than 10 MM tonnes/year throughput capacity and modified combinations of coal, oxygen and electric power in the smelting-reduction process; thin slab, less than 20 mm, by direct continuous casting; combined on-line controlled rolling and controlled cooling to produce heavy plates of different strengths in the same process.

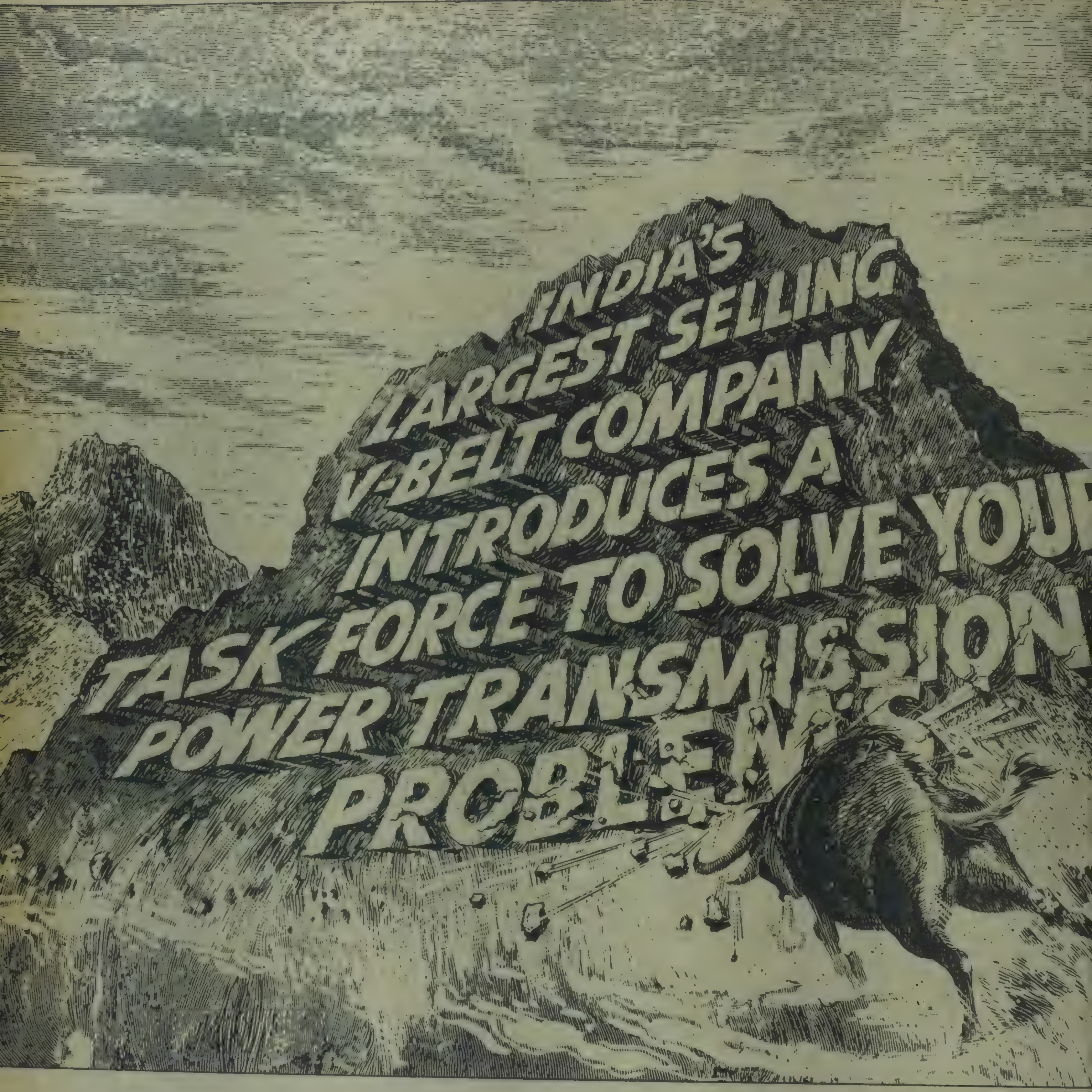
It is unlikely that the new technologies of making lightweight composite sheet steel; amorphous metals by super-rapid cooling and high performance electric sheet produced by laser technology will be transplanted in the first stage of the global restructuring of the steel industry. However, what gets restructured will have to conform to the state-of-the-art technologies in order to make economic sense in the global marketplace.

To create an integrated steel plant capacity of 80 MM tonnes/year to world standards, we are looking at an investment level of the order of Rs 50,000 crores at 1987 prices. Internal generation of this amount of investment capital for this single industry sector would be an unrealistic expectation for the Indian economy. Owing to long gestation periods the strategy of borrowing in the international capital markets would impose an impossible burden of interest and repayment.

An option worth exploring, however, would be "manufacturing lease" ventures whereby an international marketer, such as Nippon Kokan, advances the capital amount to the Indian enterprise to set up either a new plant, relocate an existing plant or some combination of these two options. The plant capacity so created remains captive to the marketer for 10 to 15 years and the advance repayment is made at a negotiated percentage of the product sales to the marketer. International banks would have to be inducted as intermediaries under trust-beneficiary agreements.

Generating and sustaining competitive advantage is an entrepreneurial activity. It usually requires seeing things differently and being willing to live with risks. Pursuing competitive advantage involves relinquishing the *status quo*. In the context of the Indian steel industry, it needs the bureaucracy to adopt the role of a policy innovator. Does the Indian bureaucracy have the culture of enterprise to initiate such a process? Do Indian entrepreneurs have it? If so, the strategic options outlined above should attract some detailed study.

G. A. MIRCHANDANI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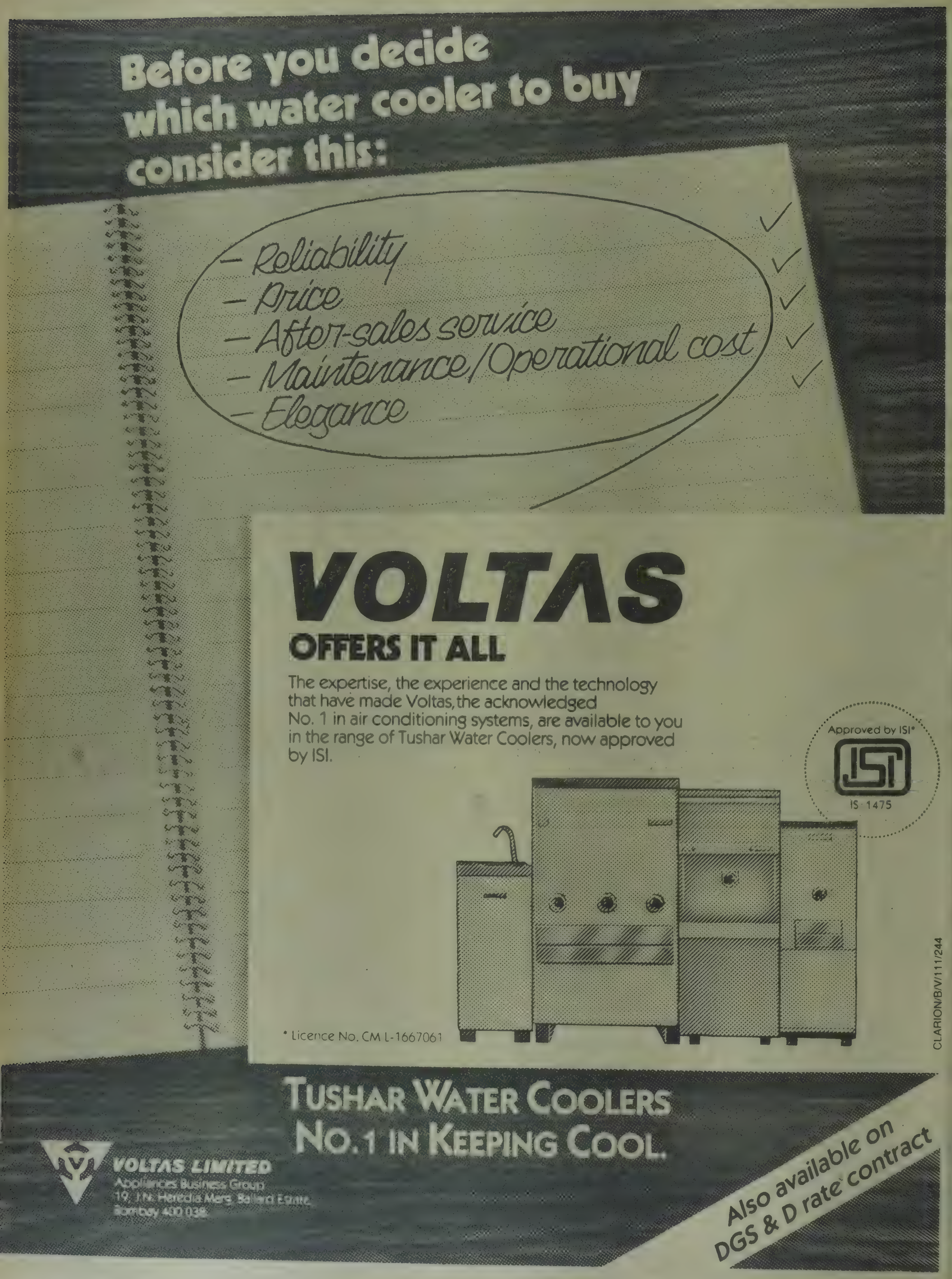

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Social Banking

Towards a clear rationale

Major banks in India were nationalised 18 years ago, in July 1969. Since then, the banks have indeed come a long way. Today there are 28 public sector banks who have among themselves mobilised Rs 1,00,000 crores as deposits. At the time of nationalisation, the level of deposits was just about Rs 4,000 crores. During this period, notwithstanding the numerous complaints about their poor customer service, rampant corruption, etc, these banks have produced spectacular results in their overall performance.

Dazzling figures. There are over 200 million deposit accounts and over 33 million borrowal accounts on the books of these banks. Bank branches total 36,000, of which 75 per cent are in rural and semi-urban areas. Total loans granted by the banks are in the region of Rs 60,000 crores, of which nearly Rs 10,000 crores have been deployed in the agricultural sector alone. Of the total loans granted by the banks, over 43 per cent, or about Rs 26,000 crores, has been lent to priority sectors in the economy. Banks have given financial assistance under the Integrated Rural Development Programmes (IRDP), aggregating Rs 1,000 crores to 3.7 million persons. Financial help aggregating over Rs 6,000 crores have been granted to weaker sections of society comprising scheduled castes and tribes, small and marginal farmers, etc. Financial assistance to help the weakest borrowers has been granted to the extent of Rs 600 crores at a concessional rate of 4 per cent per annum. Employment opportunities have been generated for 200,000 educated unemployed youth through grant of loans aggregating Rs 400 crores. Besides these areas of high social import, the banks have done equally spectacular work in financing small, medium and large industries, in assisting export sector, etc.

Notwithstanding the good performance of public sector banks in the area of social banking, doubts still persist among the intelligentsia and bankers themselves about the wisdom of banks' participation in financing schemes of high social content, which are *prima-facie* not viable and give a negative yield. In this context, the 29th report of the Estimates Committee of the eighth Lok Sabha is a document of unusual importance for Indian banks, indeed for all those who are concerned with development banking.

Definition tackled. The Estimates Committee has applied itself to examination of the fundamental issues relating to definition of social banking. Although the Committee's task was to examine various issues in social banking in relation to the approach and performance of the State Bank of India, it wisely chose to concern itself right at the beginning with the definitional issue, for there is considerable confusion, even today, among a vocal section of opinion-leaders about the role of banks.

There is a view that real banking is only what is profitable and commercially viable. Development banking or social banking is seen as activities forced on the banks by political masters for serving their political ends, activities which are neither viable for those who pursue them nor profitable for banks who may finance them.

The Estimates Committee's report is in relation to State Bank of India, but insofar as the definitional issue regarding social banking vs commercial banking is concerned, the conclusions of the committee bear wider relevance. The Estimates Committee concludes that although the benefits of welfare oriented social banking cannot be readily quantified, it is of great relevance in a future perspective. Such banking activity should not be seen as a deviation from normal commercial banking but as laying the foundation for commercial banking among the beneficiaries in the immediate future.

Effective implementation of such schemes and programmes generates goodwill and trust, imparts stability to the socio-economic life of the target population, and thus creates conditions that are conducive to the development of banking. Keeping this perspective in view, the committee considers the concept of commercial banking and social banking as complementary and supplementary to each other. They are not to be viewed as mutually competing or conflicting concepts. The committee emphasises that this thinking has to pervade the entire banking system if it is to serve as an effective instrument in the process of accelerated economic growth, and particularly the upliftment of the hitherto neglected and downtrodden sections of the society.

The committee feels that for realising the objectives of social banking, an attitudinal change in the minds of bank functionaries at all levels is imperative. They must clearly understand, in unambiguous terms, that it is their bounden duty to carry on their banking activities keeping in view this overall social and economic perspective.

Other side of the coin. Besides the conceptual issue relating to social banking, the Estimates Committee applied itself to yet another issue relating to the credit absorption capacity of an area in the pursuit of development banking. It is generally believed among bankers that certain undeveloped and underdeveloped areas have low credit absorption capacity and as such banks can do pretty little in assisting the increase of the pace of economic development in such areas.

In this context, the committee has chosen to support the view that the initial phase of credit deployment should be on the basis of whether the credit is helping the target groups in building up further credit absorbing capacity. The banks basically examine the viability of all schemes, even those under social/developmental banking exclusively, on the basis of the repayment capacity of the respective borrower.

The committee has taken pains to clearly come to the conclusion that the capacity to absorb credit and repayment capacity are two different things. It has further emphasised that the cycle of credit deployment has to be on the basis of generation of credit absorbing capacity of the borrower.

In other words, banks should not consider only repayment capacity of the borrower in the initial stages. The initial credit supply in social and developmental banking should lead to higher demand for credit for productive purposes if the relative programmes and schemes have been properly planned. This alone will lead to enhancing the repayment capacity of the borrower to satisfactory and acceptable levels.

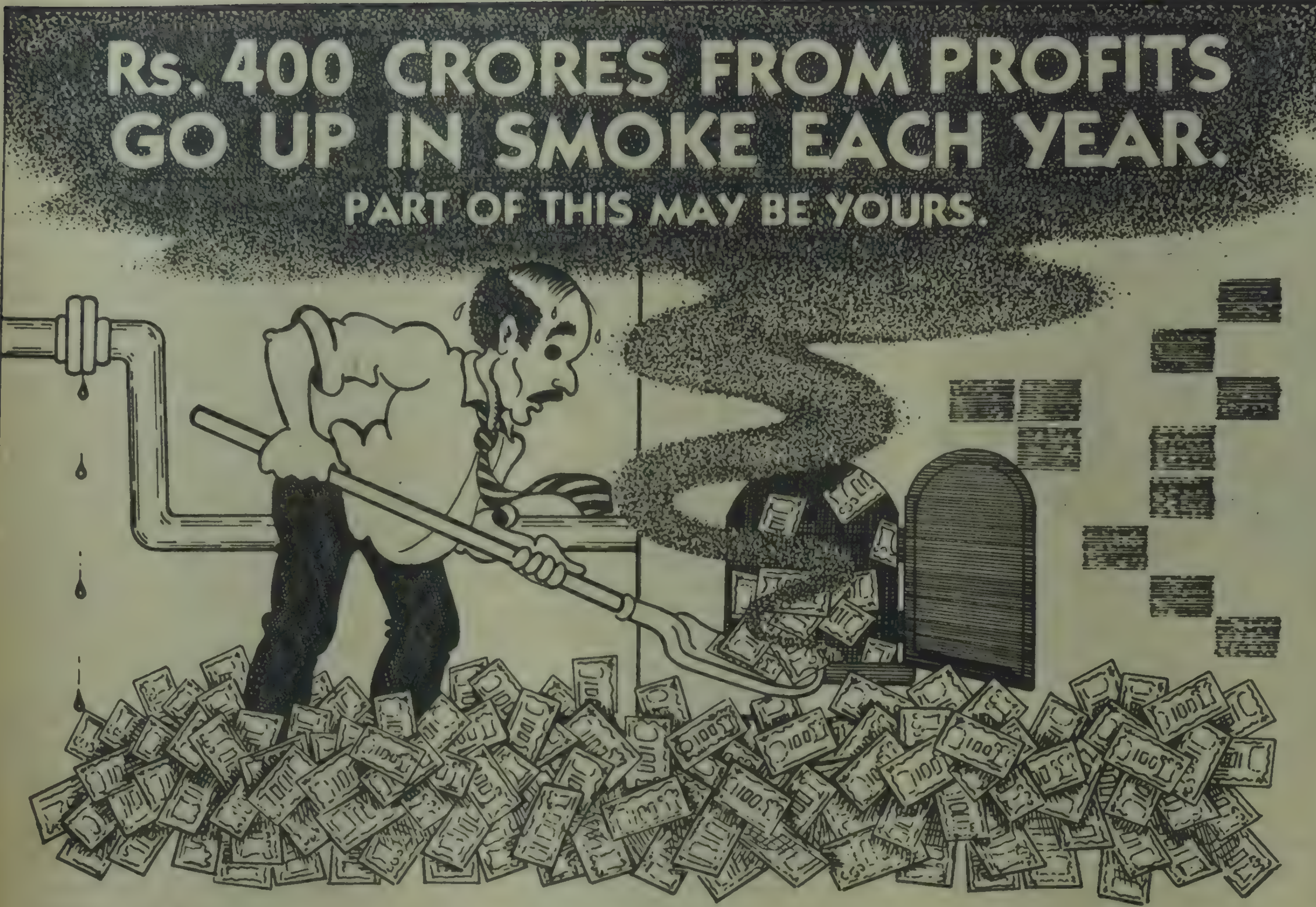
Upliftment highlighted. The committee has unambiguously recorded that the role and approach of the banks should be for the overall upliftment of target groups and not like that of a disinterested agency concerned with giving loans and looking for repayment only.

It would, of course, be naive to believe tha the widespread confusion and lingerin doubts about public sector commercial development banks' role in social banking anc development process will disappear. But now for the first time, the highest and the mos powerful assembly of the elected representatives of the people has provided the bank with clarity regarding the definitional anc conceptual issues in social banking. Also the rationale for programmes for financing th upliftment of those who are deprived fron participating in the process of economi development for structural reasons, is put forward clearly. Bankers will do well to pay serious heed to this, for the government itself ca ill afford to ignore the intrinsic logic an realities of the situation in the country.

Security force

Agreement arrived a

The finance ministry and the home minist have agreed, according to banking indust sources, on the creation of a national bar security force. While the details are beir worked out, it is gathered that the nation bank security force will be a centralised bo responsible for designing and drawing up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Security guards: ineffective

security procedures, systems, etc, as well as for determining the needs of preventive and protective equipment.

This body will also be responsible for the selection and training of the security force's personnel.

Pot-bellies. Some bankers are of the view that there has been an overemphasis on recruiting ex-servicemen as bank guards. In most banks at present the head of the security service is a retired army officer — more often a pot-bellied person, whose physical fitness is open to doubt. Even at the operating levels, there is a preponderance of ex-armymen carrying out security functions. Here too, one can very well see that the level of physical fitness is below the required standard. Besides, it is doubtful whether these guards are really trained to carry out effective security work.

There seems to be a naive belief among bank managements that anyone in a khaki uniform and with record of military service can be depended upon to guard and protect the bank's properties and interests.

That bank guards need to be in peak physical condition and mentally alert, that they need to be equipped with modern weapons and other equipment, including gadgets for communication, that basic and periodic refresher training needs to be imparted to them, and that security involves a lot of advance planning as well as imaginative preventive measures has been overlooked all these years.

Identification systems. Security measures may also involve a fresh look at the designing and layout of premises, introduction of identification systems, control and watch on movements, remote control mechanism for entry and exit points and, a whole lot of other related matters.

In a talk with your correspondent, the head of the security force of a leading Bombay-based bank, expressed the hope that the proposed national bank security force would be organised after taking all these vital aspects, which had been neglected hitherto, into account.

Yet another issue brought to the notice of your correspondent was the low percentage of ex-police personnel among the existing bank guards. It is said that in the recruitment of security officers and guards, ex-army personnel are preferred to ex-police personnel. The reason for this is not clear.

The aggregate annual cost of bank security is estimated to be in the region of Rs 350 crores at present. The set-up of the national bank security force is likely to hike the cost, by at least 100 per cent, according to one informed source. But that is not relevant. What is relevant is, will the money so spent provide the required degree of effective security.

Equal opportunities

Women borrowers treated coolly

In the restructured 20 point programme, prime minister Rajiv Gandhi had emphasised the need to provide equal opportunities and status to women. Implicit in this was a new bias for providing women with various facilities for productive and gainful purposes, especially financial assistance and other required inputs.

Such a happy state of affairs has not yet come to pass. Two senior women bankers said that even now, nearly two decades after nationalisation, the attitude of bank officers to female applicants for financial assistance for productive endeavours is not helpful. When a woman applies for a loan for the purpose of manufacturing or trading, it is usually believed that a male member of her family must be behind the proposed venture. It is also quite common, in considering loan applications from women, to ask for the personal guarantee of the husband, father or brother.

This kind of unhelpful attitude is displayed not only by male officers but surprisingly even by female officers whose number, incidentally, is on the increase. Even for a small, temporary overdraft in the current account, bank managers generally insisit on the consent of the husband even when the application is made by an educated, earning wife.

No doubt, there are exceptions to this kind of behaviour. But the two senior women bankers insisted that this is the general position.

In fact, the position in the rural areas is far worse. It is far more difficult for a woman artisan to obtain financial assistance from banks. Of course, almost every bank has financed women artisans and entrepreneurs as well as a few women's cooperatives, but that is only when it was difficult to decline and also perhaps to be able to claim that the bank has not neglected this group. There is no serious attempt to encourage such proposals and willingly provide guidance as well as help to structure them as bankable ones.

It was also mentioned that loans to individual women entrepreneurs, artisans, etc, form only a negligible part of the loans aggregating almost Rs 10,000 crores to small projects. While exact statistics are not available, a rough guess puts this amount at no more than Rs 50 crores.

When the government and the RBI have been exhorting the banks to make special efforts in the matter of employment in banks and sanctioning loans to persons belonging to scheduled castes and tribes and minority communities, there is no reason why banks should not be asked to undertake similar efforts and display the same kind of bias in favour of women, especially regarding loans for productive and gainful ventures.

It may also be interesting to note here that there are about 3.5 lakh co-operative societies of various kinds with a total membership of about 14 crores in the country. Only 1 per cent of the members are women. There are only 5,000 co-operative societies exclusively of women in the whole country. This means that the women have not been able to make use of the various development schemes and programmes though there are a large number of women artisans and women's co-operatives in need of financial help and other facilities.

Individual woman or groups of women who want to undertake any productive and gainful venture face three major obstacles. First, there is the problem of inadequate funds. Commercial banks and co-operative banks jointly can devise specific programmes to help wome entrepreneurs and artisans on an increasingl higher scale. Second, there is the problem o marketing. Women are good workers. But i the absence of forward linkages for marketin (and sometimes also backward linkages fo supply of inputs like raw materials), they suffe more than male counterparts. This is also a area in which financial institutions can play constructive role by helping in the formatio and functioning of women's co-operativ marketing societies. Finally, the question o orientation and attitudes of bank staff in thei dealing with applications from women for fi nancial assistance and other inputs, is perhap the most important. Bank managements hav a duty and obligation to initiate measures t bring out the right kind of change in th situation.

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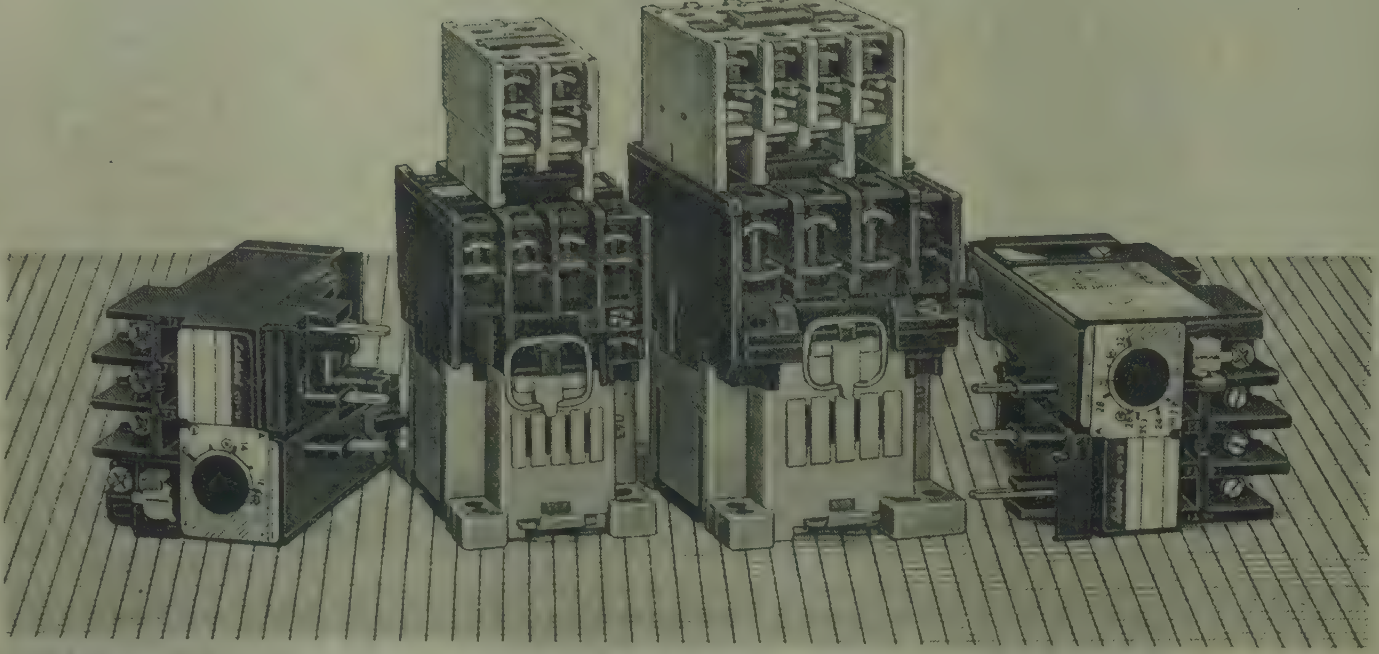

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Labour by E A Ramaswamy

The ten per cent solution

There is much confusion at the highest levels of public enterprise management over the essentials of collective bargaining. Every time major wage bargains come up in the public sector, the Bureau of Public Enterprises (BPE) sends out a guideline as to what the maximum additional benefits should be. Those who formulate and announce such policies apparently expect that they would be enforced, but they are in practice unenforceable.

Imagine a parallel in the private sector. When the personnel manager comes to the bargaining table, the very first question the union chaps ask is about his brief. How much is the management willing to give? What are the parameters conveyed to him by his superiors? Surely, he would not be sent to bargain without instructions? But, every personnel manager knows that this is one occasion when he must bluff through his nose. Collective bargaining is a battle of wits and a war of nerves. If you truthfully state your brief, you have already lost the game. Anything you offer would be treated as the base rather than the ceiling. That is why the BPE's ten per cent becomes the minimum and not the maximum. This simple lesson appears to escape the BPE which not only informs enterprise level management about the norms, but practically broadcasts it.

There is a deeper significance behind the outward reaction of trade unions to predetermined norms. The objective of collective bargaining is to reach a settlement which both sides consider fair. What is fair has very little to do with absolute quantums of money. It has more to do with the process by which this quantum is reached. A five hundred rupee increase announced gratuitously by management could sound inadequate and unfair, whereas the same amount could be eminently fair if reached through a bargain.

This is more than simple common sense. It has been put to the test in the past, and the truth discovered through trial and error. Many decades ago, the General Electric Company of the United States had a personnel manager by name Samuel Boulware. He wanted to move away from the bluffing and bullying which are so much a part of collective bargaining. He invented a new strategy. He voluntarily announced a package when the time came for contract renewal. It was not the conventional one-sided offer which every employer makes as an opening gambit. It was a considered and generous offer. The union asked for more, as any union would. Boulware replied that the essence of Boulwarism was to steer away from all this unseemly haggling. He had made a final offer, and that was that. There was no question of budging an inch.

I know of many managers who think of this as a viable strategy, although not necessarily familiar with Boulware. They cannot be more wrong. Boulware himself was proved so. The union filed a case against him in court, their contention being that he refused to bargain. And in the US, refusal to bargain is an unfair labour pratice. The highest court in the land held that Boulware was indeed guilty of refusal to bargain with a legitimate trade union. And thus came to an end the experiment in getting away from haggling.

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There is also a deeper significance behind the desire of management and the government to find an alternative to bargaining. They believe that there must be some scientific method of calculating a just and fair wage. We have a long history of effort to fix compensation through wage boards, pay commissions, tribunal awards and so on. It is not Boulware's method, but nevertheless one which can take conflict and contention away from wage fixation. Why not replace haggling with objectivity and scientific determination of what labour needs to earn and the enterprise can afford to pay?

Legislation offers yet another alternative. For two decades now we have engaged in the business of regulating bonus claims through statute. We have fixed the minimum and maximum, evolved elaborate formulae which will help calculate how much each enterprise will pay, and hoped that this procedure will put an end to contention and controversy.

Another millstone round the neck, especially in the case of the public sector, is the belief that there should be parity in pay across the sector. Complete parity does not of course exist, but it is nevertheless a cherished value. The underlying argument apparently is that there cannot be fundamental differences in compensation offered by the same employer — in this case, the government. Deeper down, this is part of the familiar bureaucratic penchant for centralisation. You don't have to look far to discover the absurdity of the plea for uniformity. Different enterprises employ vastly different technologies, generate vastly different surpluses and have vastly differen capacity to pay. What parity can there be between a petroleum refinery which expends 4 per cent of its cost on labour, a heavy engineering plant which expends 25 per cent and a coal mine which expends 50 per cent o more? They are obviously so differently placed.

All these are attempts to get away from the haggle of the bargain. It is only a weak trade union which would accept these methods. No 'science' will give workers as much as the can bargain for themselves. Adjudicators, pa commissions, wage boards and statutory provisions are bound to err on the side of financial conservatism. To try these methods in the face of a strong labour movement is an exercise in futility. Any powerful union will se through the camouflage and treat all unilateral offers as the base from which to begin a ba gain. In such a situation, management wi find itself falling between two stools. The would neither have the advantage of fixin compensation unilaterally, nor of bargainin with a clean slate with no commitment wha soever as to minimum benefits. □

BMC sewerage project

Crisis over consultants

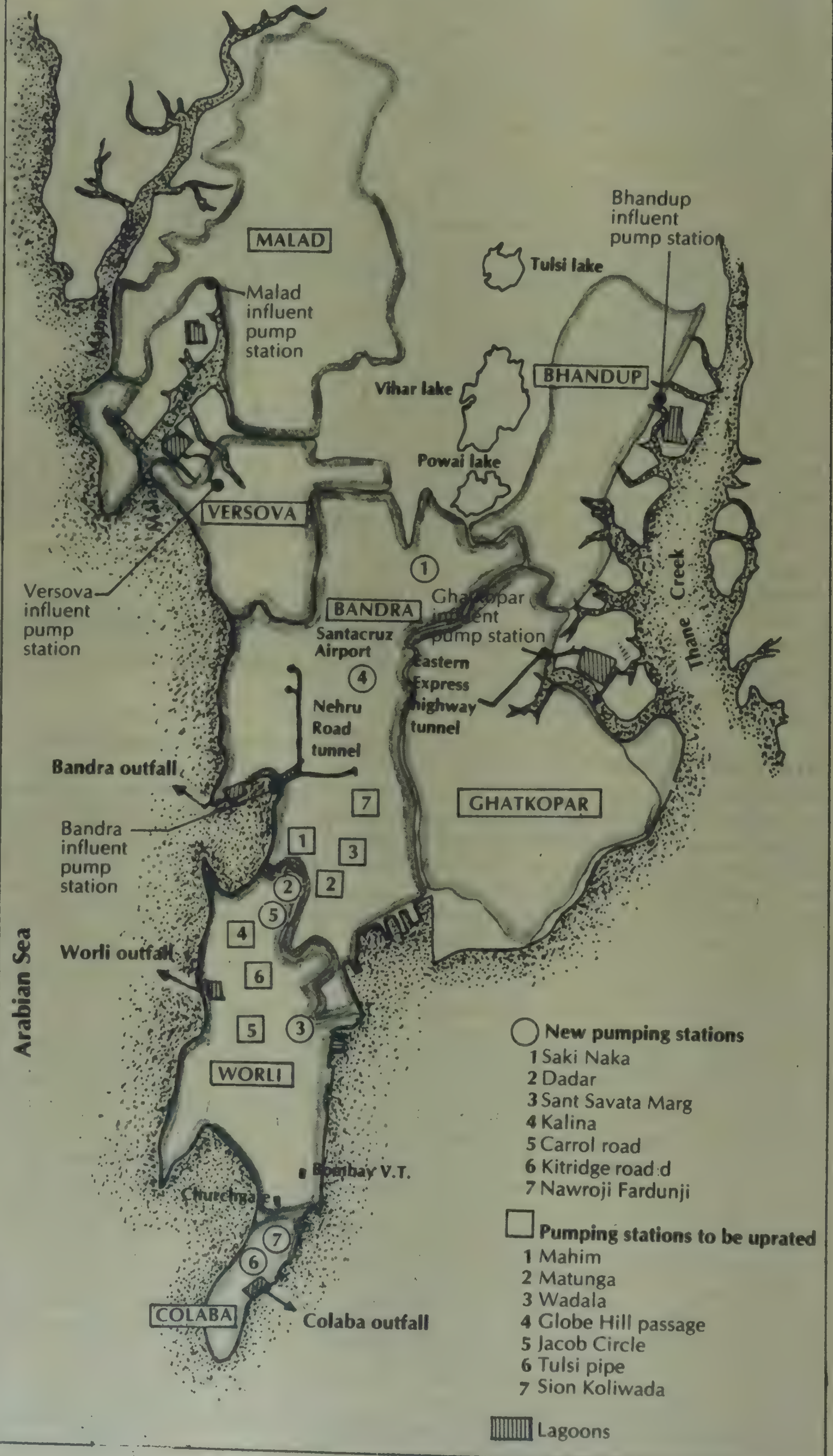
From its very inception almost a decade ago, Bombay II, the ambitious World Bank funded project to double Bombay's water supply and sewage handling capacity, has been plagued with chronic delays, enormous cost overruns, allegations of poor planning and execution, and of course, financial impropriety. Yet it was only on 22 July this year, when the standing committee of the Bombay Municipal Corporation (BMC) terminated the services of the technical consultant on the project's sewage component, Engineering Science Inc, (ES) that the scale of mismanagement became apparent.

Between 1979, when the principal contracts were signed, and today, the project's cost has almost doubled from Rs 354 crores to Rs 640 crores. While the water component supply was completed on schedule, ES has been unable to commission even a single installation of the planned sewerage system despite an extension of the project period from the original five to seven-and-a-half years. What is worse, the two most important elements, the submarine outfalls and the aerated lagoons (whose inclusion provided the sole justification for employing foreign consultants), are not expected to be commissioned before 1992.

The consequences for Bombay could be disastrous. While the city's water supply is slated to reach 3,530 million litres a day (mld) by 1991, Bombay will still have to rely on its antiquated waste disposal system that can at best handle just a third of this volume. Says Ramesh Joshi, the Janata Party councillor from Goregaon, "By then, Bombay will be awash in a sea of sewage."

The initial feasibility study for Bombay II was undertaken by a consultancy firm, Binnie and Partner, in collaboration with Tata Consulting Engineers. Between 1976 and 1978, a more detailed feasibility study for the proposed sewerage system was conducted by Metcalf and Eddy (M&E) along with its Indian partner, Environmental Engineering Consultants, (EEC), and a final draft report submit-ed to the BMC in March 1978. M&E formulated a master plan that would increase he city's sewage treatment and disposal capacity to around 2,570 mld within five years. The city was divided into seven drainage zones, each consisting of a network of sewers, pumping stations, treatment plants and disposal outlets. Seven new pumping sta-ions would be built; seven existing ones up-ated; besides, two major tunnel systems,

Location map
Bombay II sewerage project


MALAD
Malad influent pump station
Tulsi lake
Bhandup influent pump station
BHANDUP
Vihar lake
Powai lake
VERSOVA
Versova influent pump station
BANDRA
Ghatkopar influent pump station
Santacruz Airport
Eastern Express highway tunnel
Nehru Road tunnel
Thane Creek
Bandra outfall
Bandra influent pump station
GHATKOPAR
Worli outfall
Arabian Sea
WORLI
Bombay V.T.
Churchgate
COLABA
Colaba outfall
New pumping stations
1 Saki Naka
2 Dadar
3 Sant Savata Marg
4 Kalina
5 Carrol road
6 Kitridge road d
7 Nawroji Fardunji
Pumping stations to be uprated
1 Mahim
2 Matunga
3 Wadala
4 Globe Hill passage
5 Jacob Circle
6 Tulsi pipe
7 Sion Koliwada
Lagoons

three submarine outfalls and four lagoons were planned (see map). The total cost was estimated at Rs 153 crores.

The International Development Agency, an affiliate of the World Bank, committed $196 million towards Bombay II and, as a condition for the grant of the loan, stipulated that a foreign consultant be engaged for the detailed engineering of the project as well as its supervision. Accordingly, the BMC floated an international tender and shortlisted six firms. According to IDA guidelines, the bids were evaluated solely on technical grounds. In the final tally, ES emerged 3 points (on a total of 125) ahead of its nearest rival M&E and was thus awarded the contract. But the choice proved controversial: for one thing, no weightage whatsoever was given to M&E's familiarity with the project. Conventionally, in IDA funded projects, the firm that bags the feasibility study stands the best chance of securing the rest of the project as well; even in the case of the Bombay II water project, the contract was awarded to Binnie & Partner and TCE. For another, in respect of the two technically complex elements in the project, the outfalls and lagoons, M&E scored higher than ES. Moreover, ES's choice of Indian partners should have disqualified it; IDA guidelines stipulate that a firm cannot simultaneously perform both consultancy and contracting functions on one project. One of ES's partners, Public Health Engineers, had a sister company already engaged on the construction of pumping stations for the BMC.

ESTIMATES INCREASED

The most important factor in ES's favour was its low estimate of the number of consultancy manmonths required. ES quoted a total of 684 manmonths as against M&E's 968. But once it was awarded the contract, ES promptly increased its estimate to 1,113 manmonths, ostensibly because the scope of the project had increased. M&E argued that this represented an alteration of the terms of the original tender invitation and therefore sought permission to submit a fresh bid. But this was turned down.

Moreover, the fees of Rs 9 crores negotiated by the ES consortium amounted to almost six per cent of the total project cost, far in excess of IDA norms. In contrast, M&E offered to perform the job for Rs 6 crores. When this was made public, the government of Maharashtra sought an extension of time from the World Bank to initiate negotiations with M&E before taking a final decision on the consultant. Evidently, Peter Weir, a bank official who was in the country at the time, indicated that as the matter had already been pending before the standing committee for five months, the bank would be reluctant to allow a further extension. The very next day, on 9 June 1979, the standing commitee resolved to appoint ES as the project consultant.

Joshi: drain on funds

The consultancy period was fixed at 60 months, from 10 September 1979 to 9 September 1984 at a total cost of Rs 12.20 crores inclusive of fees, perquisites, and income tax borne by the BMC. As Municipal Commissioner S. S. Tinaikar states in his letter of 9 July 1987 to the standing committee, "the work of detailed engineering towards systems design was mostly completed in 20 months and thereafter the invitation of (civil works) tenders, evaluation award of contracts on an average required about 36 months, thus consuming a total of 36 months out of a period of 60 months. The actual execution of the civil works commenced gradually from the middle of 1982." Needless to say, till the civil work was complete, the mechanical and electrical components could not be installed. In fact, given the sluggish pace of work, ES didn't bother to place orders for these items.

When the original contract period expired in late 1984, the BMC routinely extended the contract by another 31 months. The fact that at that time the Corporation had been temporarily superseded by the state government eliminated the need for a review by the municipal council and thus enabled the municipal administrator to push the extension through. Despite the fact that the consultant had been hired on a 'fixed fee contract', the BMC awarded ES a further Rs 10.93 crores, taking its total fees to Rs 23.13 crores.

It was the BMC administration's attempt to secure a second extension for the ES consortium that brought the entire issue to a head. Between 8 April, when the contract expired, and June this year, Tinaikar held several informal meetings with the standing committee to convince its members of the need for a further extension. Tinaikar argued that the original estimate of five years had been a gross underestimation for a project of this magnitude, which he described as "the biggest and most complex ever undertaken in South East Asia". Without going into the reasons for the inordinate delay or the cost escalation, Tinaikar sought to focus the discussion on the "disastrous consequences" of terminating the services of ES in mid-project. Not only did the BMC lack the resources to complete the project, he argued, but such a step could have far-reaching consequences on future World Bank aid to the city and perhaps even the country as a whole. Considering that the bank had itsel extended the credit utilisation period to 31 March 1988, the BMC would be well advised to retain the consultant for a further period o 14 months — at a further cost of Rs 4.16 crores. By way of a concession to his critics Tinaikar stated that as a pre-condition to extending its contract, ES would hereafter have to dispense with the services of its two Indian partners, undertake to directly supervise the work, and agree to the BMC withholding 10 per cent of its fees pending the 'completion' o the project.

It is this latter point that has caused some confusion. According to the commissioner' own estimates, "the Bandra and Ghatkopa waste water treatment facilities would requir at least three to four years more for completion and commissioning". This being the case several councillors ask what sense it makes t extend ES's contract for only 14 months more Tinaikar replied that at least five systems — those at Colaba, Worli, Malad, Versova an Bhandup — will be commissioned b September 1988. (The BMC would presumably then complete the rest).

INTEGRATED NETWORK

But by the BMC's own admission, nothin could be further from the truth. Each of th systems referred to represents an integrate network for sewage collection, treatment ar disposal. Barring Colaba, where a 1 km marin outfall has been laid and the pumping statio is expected to be commissioned by the ye end, in no other case will all the critical el ments be in place by September 1988. Wo on the most important elements in tv ystems, the 3 km submarine outfalls at Worli nd Bandra are at a complete standstill. Spie apag, the contractor for both these outfalls, ave questioned the geophysical data sup- lied by ES — while excavating the offshore ench at Bandra, Spie Capag claims to have ncountered soil conditions completely at ariance with what they had been led to ex- ect and wholly unsuitable as a foundation for ying the 2.5 metre dia pipes.

Spie Capag has now demanded fresh ceanographic surveys at both Bandra and Vorli for which the BMC proposes to invite obal tenders in September. When Tinaikar lks of commissioning the Worli system in te 1988, he is obviously excluding the out- ll. Considering that the deep sea outfall has een planned as a *substitute* for a full fledged wage treatment plant, 'commissioning' the Vorli system without the outfall simply mounts to discharging untreated sewage at e shoreline. This being the present practice, ne wonders why the BMC should spend a tal of Rs 15 crores (excluding the cost of e outfall) to achieve the same end.

Similarly, commissioning the Bandra system ithout the outfall will amount to little more an a Rs 38 crore expenditure to divert the ahim creek so that it empties at lands-end ther than into the bay — a distance of half a n. Neither will the systems that actually inc- de sewage treatment before discharge fare uch better. Of the original proposal for con- ructing four aerated lagoons, only the one at ersova has survived. The other three at alad, Ghatkopar and Bhandup have been ostponed to Bombay III, the third phase of tegrated water and sewerage project (of- ourse, without any corresponding decrease project cost). For some reason, the Versova goon has now been dubbed an 'experimen- l venture', whose success will ultimately etermine the fate of the others. Meanwhile, ntreated sewage will continue to be pumped to the Malad and Thana creeks.

ERIOUS DOUBTS

ven if one were to concede the BMC's time ame for the 'revised' project's completion, ere still remain serious doubts regarding the uality of the work, both in design and con- ruction. As N. A. Karanjia, former chief ngineer (sewerage operations) states in a note the chief engineer (special projects) on 13 arch 1987; "You are fully aware of the fact at a number of pumping stations under con- ruction have either collapsed or have suffered tension damage during the construction age. Even a few pumping stations which have t collapsed have tilted very badly and it is ared that when these pumping stations are mmissioned there would be serious prob- ms. The Merani Commission which was spe- ally appointed to go into all aspects of the collapse of Matunga Pumping Station under construction has passed severe strictures on the consultant. Apart from defects in the civil construction, I have already reported to you serious defects in the mechanical and electrical equipment installed at various pumping stations. These defects are either due to deficiencies in the specifications or on account of approval of defective drawings. The cost of rectification of these defects would run into several million rupees."

Mhatre: appoint new consultants

The other striking instance of gross negligence on ES's part relates to the oceanographic data. Although under the contract, ES was to carry out detailed geotechnical and soil investigations, there is reason to believe that, at least in the case of the undersea survey, these were never conducted. The company that was contracted to carry out the survey is unable, to this day, to account for the data supplied to Spie Capag. In fact, even its claim that it leased sonar equipment from the National Institute of Oceanography for the survey has been denied by NIO officials. It has been alleged that the data from preliminary sub-bottom profiling undertaken by the NIO for M&E's feasibility report was simply rehashed and presented as a detailed survey.

The upshot of all this has been a tremendous escalation in the project's cost, which has had a serious impact on the BMC's finances. The IDA's contribution being fixed at $196 million has meant that the BMC has had to shoulder a proportionately larger share of the expenditure, increasing from 40 per cent in 1979 to almost 70 per cent today. (Interestingly, even if its contribution has proportionately declined, there is no indication that the IDA's influence on the project's management has also declined, as is evident from Tinaikar's arguments). Joshi claims that these additional expenditures have been met at the expense of the corporation's statutory obligations like primary education and health services. He points out that "not a single school has been built in the last four years although the number of schoolgoing children increase by 10 per cent per year". BMC officials, however, deny this, claiming that the BMC has relied entirely on increased open market borrowings, government loans and increases in its water and sewerage tariffs. But even this would imply that the costs of BMC's largesse will ultimately have to be borne by Bombay's residents.

The Bombay II sewerage project has today been virtually paralysed by the impasse over the ES contract. The standing committee has firmly rejected the commissioner's proposal for a 14 month extension and individual members like Ramdas Nayak have in fact called for a judicial enquiry into the collusion between senior BMC officials and ES on the variation of the contract. Standing committee chairman Pushpakant Mhatre has proposed that the BMC appoint a new consultant by the year end to complete the project, by which time the oceanographic survey would have been completed. The municipal commissioner as well as the state government appear determined to renew the ES contract at all costs. The IDA, in a recent *aide-memorie*, has favoured the retention of a consultant, but has left the choice of one to the BMC: "this mission recommends that BMC should consider extending the services of ES Consortium (or engaging any other consultant as decided by BMC) for a period through September 30, 1988." There are indications that were the standing committee to remain adamant, the state government might feel compelled to rescind the committee's decision under Section 520 B of the BMC Act — a drastic step that the government has taken only once before, when the section itself was introduced. In such an eventuality, the only beneficiary would be ES. Its total earnings from the project will then have reached Rs 27.3 crores, or 14 per cent of the total expenditure on the project to date. That would be some kind of a record in the annals of project consultancy.

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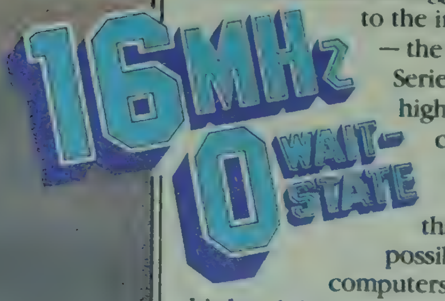

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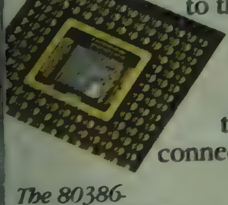

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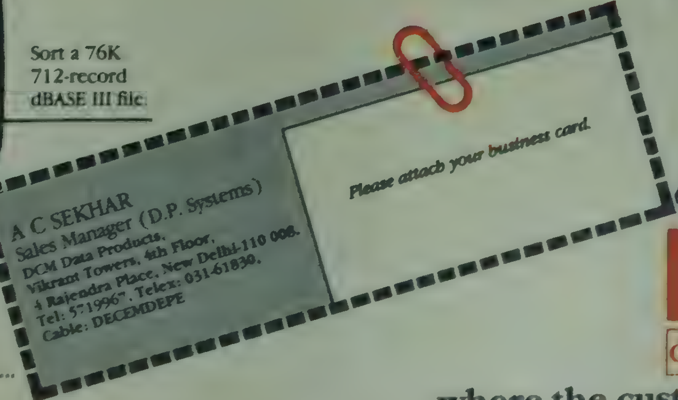

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With all this chaos in the Middle East, oil prices have naturally moved up and are highly volatile. Of necessity, therefore, the foreign exchange markets are focussing their attention on developments in the Gulf.

For the time being then, the dollar is supported by the feeling that the US is a safer financial haven. Besides, the leading indicator for June was up by 0.9 per cent whereas factory orders rose by 1.7 per cent. The recent behaviour of the dollar reinforces the belief that the currency is indeed in a bottoming-out process but is unable to break out of the upside.

This failure to firm up further can be attributed to the primary concern over the twin US deficits — trade and budget. Not much progress has been made on both fronts. The May trade gap had widened due to higher import of oil and higher oil prices — above $18 per barrel during that month. One cannot be sure if the increase in oil imports was due to enhanced economic activity or the stocking of oil. Oil prices have steadily risen since May and could dampen any enthusiasm on the trade figures for June.

As a result, the dollar has remained confined to a narrow range of between 1.85 and 11.8625 against the DM, 149 and 151 against the yen.

Meanwhile, the US continues to build pressure on its other trading partners in the Far East. The Taiwan dollar has begun to appreciate under these pressures, forcing the central bank there to intervene heavily. The bank was reported to have bought more than US $160 million in two consecutive days in the last week of July.

The Development Bank of Singapore (DBS) has rejected what it called "clamouring by the US legislators" to revalue the Singapore dollar. The bank has warned that such pressures will ultimately hurt US interests and that American efforts to get the Singapore dollar revalued, to make American goods competitive in Singapore, could boomerang on the US. A research paper published by the DBS says that components which make up a large proportion of Singapore's exports to the US are used in the making of American computers, vehicles, machines and equipment. If the Singapore components were to cost more through appreciation of the Singapore dollar, the ultimate American product would also be more expensive.

The almost universal resistance now seen to any further depreciation of the dollar also reinforces the argument that mere currency adjustments will not bring about a total change in trade flows. The dollar has to stabilise at current levels and allow sufficient time to bring about structural readjustments in the diverse economies of the US, Europe and Japan.

The recent movement on currency parities was focused on the pound and the yen. The pound was buoyant against the continental currencies and the yen, following the rising oil prices. But the bubble burst when the UK belatedly reported an unexpected trade and current account deficit for May. It would appear that the increased consumer spending, following a buoyant economy and tax concessions, is in imported goods, taking the recently acquired gloss off the pound. Against the DM, the pound fell from a little over 243 to 239 in a matter of days. Given the strength of the dollar against the DM and the yen, the pound rapidly fell against the dollar to the 1.5900 level. This set off several sell signals on the charts. The next UK trade figures for June are expected to be out on August 11. Till then, nervousness surrounding the pound will continue, with greater risk on the downside.

On the Japanese front, net purchases of foreign bonds by Japanese investors, excluding all types of bills, was a record $12.35 billion in June, up from $5.47 billion in May. Most of this investment has gone into US bonds, indicating a return of confidence in the dollar. Japan's external reserves in July are reported to have hit a record $69.77 billion compared with $69.22 billion in June. The rise in oil prices pushed the yen above 150 against the dollar and has stayed there for quite some time.

New York closing rates on July 31

Stg	1.5910
DM	1.8605
Yen	150.10
SWFC	1.5395

Expected range of the rupee during August

Currency	Spot range	6 month fwd
US $	7.58-7.65	5 to 10 cents prem
Stg	4.75-4.80	par to 250 pts discount
DM	14.10-14.25	28 to 38 pfg prem
Yen	1140-1160	20 to 30 Yen prem

The almost universal resistance now seen to any further depreciation of the dollar also reinforces the argument that mere currency adjustments will not bring about a change in trade flows

On top of all this, Japan's seasonally adjusted trade surplus fell to $6.88 billion in June from $8.03 billion in May. The current account narrowed down to $6.39 billion from $7.07 billion during the same period. The capital outflows from Japan should continue if the trade surplus continues to show this encouraging decline.

Some uncertainty prevails over the US treasury funding programme with the congressional debt ceiling having expired. There is an estimated funding gap of US $59 billion, out of which about $30 billion are expected to be raised in August. Because of the uncertain schedule, the response of Japanese investors and the lack of retail demand, bond prices have been falling. This in turn has pushed up medium and long term interest rates in US. The response to the impending funding should indicate a further direction for the dollar. All these indicators — treasury funding, tension in the Middle East, underlying shifts in trade flows, and encouraging US economic indicators — add up to indicate a stable to firm dollar in the near term. The long term direction depends on concrete evidence of US trade balance and their budget deficit.

At home, the rupee continues to be weak. However, if one were to take the rate of inflation into account (purchasing power of the rupee), the rupee has not depreciated much. Therefore, should the dollar continue to be stable and should it steadily strengthen, there is more room for the rupee to gradually depreciate. However, the next trade figures and the situation in the Gulf should give more accurate indications of things to come. Right now, the house that Jack built is highly unsafe.

A DEALER

Strategic planning in Swiss banking

Mention Switzerland and three things come to mind — watches, chocolates and banking, not necessarily in that order. Though Switzerland today ranks 75th in terms of population, it occupies the fourth place (behind the US, Japan and West Germany) as a financial centre. Much has been written about how the country's international neutrality and banking secrecy laws make it a secure haven for foreign deposits. Yet many countries, including neighbouring Austria — which is also neutral and provides banking secrecy — have not been successful in duplicating the Swiss model. What must be remembered here is that secret deposits are really only a part of the Swiss bank business. They prefer to emphasise their legitimate role as a money centre.

The outstanding feature of Switzerland's environment is its economic and political stability. The country's inflation and unemployment rates are among the lowest and most stable in the world. Additionally, its currency has the highest gold backing — an outcome of the country's conservative budgeting and monetary policies. In short: the country's political and economic infrastructures encourage confidence in its banking system.

Besides the sheer fact of economic stability, a review of the operations of the "big three" Swiss banks — Union Bank of Switzerland (UBS), Credit Suisse and Swiss Bank Corporation (SBC) — would show that strategic planning for achieving world class status has had much to do with their success. These three banks, along with two smaller banks, are classified as "large banks" by Swiss banking authorities and together hold 50 per cent of all banking assets in the country. Therefore, their strategic policies serve to shape the direction and nature of Swiss banking.

As Heinrich Steinmann, executive vice-president of the UBS, says in a booklet entitled *Strategisches Bankmanagement*, "An institution that misses out on strategic decisions will lose its competitive advantage to those who plan and manage better." Similarly, the "mission statement" of the SBC states, "Our management is based on a long term view of market developments and environment, the definition of clear, consistent targets and a strong commitment to achieving them."

Taking a long term view of things is not something which comes naturally to bankers. Bankers think and work in tactical terms. They tend to focus on concrete results when seeking new business opportunities, negotiating loans or closing deals. Thus, top Swiss managers are encouraged to think beyond traditional banking operations and apply strategic approaches in directing operations. To create a strategic awareness, the Swiss use corporate planning tools such as those developed by the Boston Consulting Group (market share/market growth matrix). This is not to say that these are swallowed whole and unquestioningly — the Swiss combine these tools with their traditional banking instincts to arrive at an optimum method for long term planning.

Steinmann aptly defines a top manager as one "who thinks in the large context, systematically analyses complex situations, assigns priorities, plans and organises projects covering different business units and implements management decisions." He admits that these are qualities not necessarily found in every traditional banker. Despite this, only 10 per cent of the effort in a strategic plan goes into planning; the balance 90 per cent goes into implementation.

Successful implementation of long term strategies depends on having well defined corporate objectives which remain consistent over longer periods. In the case of the Swiss banking industry, a recent survey revealed that the prime objective of most bankers is to have sustained growth in earnings. Other criteria, such as return on equity, return on assets, growth in customer deposits and net interest margins, are given less importance. Probably the focus of Swiss bankers on earnings growth is dictated by the nature of their universal banking system. Not only do they handle deposits and loans, engage in underwriting and investment banking but also trade in foreign exchange and precious metals. Largely due to the latter, banks book substantial "off-balance sheet" business. These are items which do not appear in the bank's balance sheet but contribute to the bank's income. How to boost these earnings over the long term is then one of their key corporate objectives in strategic planning.

An analysis of the 1986 incomes of the "big three" (see page 99) reveals that no less than 80 per cent of their earnings are from "non-interest" transactions. This means that transaction banking assumes greater importance than commercial lending as far as income generation is concerned. Selling transaction banking services might call for aggressive mass marketing techniques or price discounting to build up volume. But this is not the Swiss style. The basic Swiss philosophy is best expressed by Robert Holzach, chairman of the UBS, who maintains that "...in achieving objectives, the qualitative element has to have priority over quantitative expansion".

What is this "qualitative element" referred to by Holzach? While every transaction is evaluated in terms of opportunities, risks and earnings, and is undertaken only if the expected results meet standards set for business volumes, cash flow and profits, Swiss banks sometimes turn down opportunities which would otherwise provide seemingly good results, in terms of immediate payback. Nevertheless, astute risk management, aimed at maintaining their financial reputation; has served the Swiss more than well. This is borne out by the fact that Swiss banks are still amongst the few international banks which still enjoy Moody's triple A (AAA) credit rating. This rating is based on their high quality loan portfolios, excellent profitability and superior capitalisation.

While objectives may remain fairly consistent, strategies have to change with the times. The current strategic challenge for Swiss banks has been to optimise earnings in a competitive situation without moving into high risk situations where they could jeopardise their credit ratings. Their approach has been to concentrate on "value creation", that is the

Trends in earnings and salary increases (1986)

	Union Bank of Switzerland		**Swiss Bank Corporation**		**Credit Suisse**	
		Increase over 1985 (%)		**Increase over 1985** (%)		**Increase over 1985** (%)
Name of employees (nos)	19,990	+6.3	15,775	+6.4	14,060	+10.3
Total assets (billion SFR)	152	+9.1	138	+7.7	103	+17.0
Total earnings (million SFR)	3,381	−7.6	3,289	+9.3	2,804	+11.5
Salaries & fringe benefits (million SFR)	1,429	+10.8	1,098	+8.3	979	+12.0

creation of extra value advantages for their customer base by providing better performance in services, improved quality in new products, etc. Over time, value creation, in the customer's perception, has evolved as Swiss ability to handle multicurrency and multinational portfolios as well as conduct business in a number of languages.

The strategic approach adopted by Swiss comprises three thrust areas: value creation, internal operations and competitive advantage. The profit margin can be optimised by adopting strategies for value creation (providing customers with product advantages) and internal efficiencies (improving employee productivity and motivation). This should eventually yield products and services which provide definite competitive advantages.

To support the above approach the Swiss banks have used three basic strategies: stepped up marketing operations, widespread application of technology, and development of top management skills. The efforts of the last 10 years in this direction are now yielding results.

The survey mentioned earlier confirms that the banks assigned a high priority to beefing up their marketing operations. They have seen their margins steadily erode due to the increased competition that resulted from the present wave of deregulation, which started in the US and has now spread to leading financial centres all over the world. The removal of fiscal and operational regulations has also allowed non-banking businesses to enter banking operations. To make things worse, many of the products and services offered by banks are not patentable, these can easily be copied by newcomers. Therefore, in order to stay ahead, the Swiss have been keeping in close touch with the market through surveys and meetings with customer groups. This enables them to detect quickly changes in customer needs and identify new market segments. Besides providing inputs for developing new products, such exercises give an idea of market trends.

Amongst the products offered are services such as "turn-around management" and "financial engineering" for financially weak companies. The big banks offer individual counselling services for private investors as well as volume banking services for retail customers — all under the same roof. But, while projecting the image of being universal banks, the Swiss have carefully segmented the market. For example, within the country, Geneva specialises in private banking services and investment counselling while Zurich handles capital issues and commercial lending.

The Swiss touch lies in a subtle understanding of the varied needs of the different market segments. An Arab investor may use his bank's services for renting a villa near Geneva or finding a school for his children. A number of "extras" and services provided by the bank are not directly charged to customers and, hence, are even more appreciated. They serve to create the product differentiation element which in the long run provides competitive advantages.

The constant search for new products is a result of the fact that the banking network of more than 5,000 banks and branches has long outgrown the needs of the 6.5 million population base of Switzerland. The frugal habits of the Swiss have led to a high rate of savings (22 per cent of annual income) while domestic investment opportunities are limited. Therefore, the banks have made the country a net exporter of capital by resorting to commercial lending abroad.

The situation changed a little with the trend towards securitisation. Potential borrowers found it cheaper to access capital markets directly through the sale of securities rather than turning to the banks which were merely intermediating depositors' funds. The Swiss found that they were being bypassed as lenders and realised that investment banking could be a star product, provided that they could capture a sizeable market share in this rapidly growing market. To develop the critical mass for take-off, they entered into joint ventures as well as invested heavily in acquisition of foreign merchant banking houses in financial centres. A fine example of a successful joint venture, which in fact has become a legend in its time, is Financiere Credit Suisse First Boston AG, Zug — a joint venture between Credit Suisse and First Boston, Inc. a New York based investment banking corporation. In 1986, this partnership raised no less than $20 billion in Eurobond issues, obtaining an 11.2 per cent market share. The Swiss had seen early on that the free, unregulated, innovative and dynamic Euromarket would emerge as a major financial centre for exchanging, trading, directing, managing and re-packaging capital flows throughout the world and wasted no time in moving in.

To finance the new products, banks need 'cash cows': products with high market shares which provide good cash flow and profits. One such cash cow is the trade in foreign exchange and precious metals which earned the top three banks an income of SFR 1.1 billion in 1986. The fact is that Zurich's strong position in gold trading dates only from 1968, when the big three boldly closed ranks and moved to displace London as the primary trading location. That was the year when the US forced its economic allies to accept a two-tier pricing system for gold as the difference between the "official" price ($35 per ounce) and the free market price grew bigger due to lack of confidence in the US dollar. This resulted in a temporary closing of the London gold market. The Swiss banks moved in swiftly to establish direct contacts with South African gold producers and started purchasing contracts. Within months, Zurich became the leading centre for gold trading and remained

Analysis of income

(000's of SFR)

	Union Bank of Switzerland	Swiss Bank Corporation	Credit Suisse	Total	% Contribution
Net interest received less paid	872,079	485,014	466,584	1,823,677	19
Bills of exchange/ money market paper	821,860	668,362	362,611	1,852,833	20
Commissions received less paid	708,655	1,136,952	1,034,883	2,880,490	30
Foreign exchange & precious metals trading	394,668	387,123	323,233	1,105,024	12
Securities	428,752	462,564	485,641	1,376,957	15
Permanent holdings	49,608	64,208	59,953	173,769	2
Miscellaneous income	105,333	84,848	70,707	260,888	3
	3,380,955	**3,289,071**	**2,803,612**	**9,473,638**	**100**

so even after the US abolished the two-tier system in 1971.

After having established their market share, the Swiss moved to make trading easier for bullion speculators. As a result of the changes they brought about, much of today's trading does not require the physical movement of gold. Investors in gold can buy bullion certificates, for which the actual gold is held in a depository account.

GOLD SPECULATION

The recent drop in the value of the dollar signals a fresh spurt in gold speculation. It also provides the banks with earnings to develop the new products of tomorrow. Product innovation complicated international deals have necessitated the development of new instruments such as interest swaps. These, however, need sophisticated forecasting and monitoring tools without which it may be difficult to control the risk factor. Thus, while moving with the innovative wave, the Swiss have been reluctant to release new products until the optimum technology for product management and execution is in place.

The strategic objective of developing technology for product support is not so much to obtain product differentiation as to improve operational reliability and reduce the cost per transaction. There are systems which can measure returns not only for products and services but also individual customers and customer groups. The emphasis is either on improving productivity or customer servicing so that the customer benefits in one way or the other.

The need for being responsive to customer and market needs is so great that the main task for top managers is to interpret events taking place in the outside world so that adaptive measures can be taken within the organisation. For this purpose, one strategy is to relieve top managers from routine decision-making and free them for the role of strategic planning.

Besides this, manager with access to better and faster information tools results in better service to customers. This includes the new generation of computers, installed during the eighties, which provide on-line and real-time banking. The present fully integrated systems work around the clock and are backed by a network of terminals connected to all branches.

These new technologies do not come cheap. The UBS invests more than SFR 300 million (about Rs 240 crores) per year in computers and communications hardware. The hitech workplace of a bank employee costs SFR 360,000 (about Rs 28 lakhs) — half of which is due to information processing needs. Even so, Swiss banks are proceeding with computerisation with the aim of providing each manager with his own terminal by 1990.

Advances in telecommunications have permitted the banks to not only provide online services but also create new products for the retail banking sector. The strategic implications of investment here are to improve the servicing of individual bank account holders while limiting the growth of bank branches.

Another technological innovation introduced to head of non-banking and aimed at the retail market are the "point-of-sale" terminals. One application already in operation is in gas stations where bank account holders use a bank credit card to pay for gas. The terminal registers the sale and payments are transferred electronically from the customer's bank account to the station's account. The station gains in two ways: it does not pay a commission to the non-bank organisation, eg, credit card organisation, and it gets its payment immediately through the electronic fund transfer (EFT) system. Whether EFT can really take off remains to be seen but it highlights the tremendous investments which have to be made in retail banking in anticipation of volume transactions.

TWIN OBJECTIVES

Besides improving productivity, there remains the questions of maintaining contact with those customers who need personalised counselling and keeping in close touch with the market. To achieve the twin objectives of providing better services and improving productivity, Credit Suisse have reorganised their operations into three areas: front office (customer dealings), back office (production) and staff (planning). In effect, the front office gets the business while the back office processes all transactions connected with this business.

The organisational strategy of Swiss banks has been to change the ratio between front and back office staffing. With improvement in back office productivity, Credit Suisse has been able to reduce its staffing in this area from 32 to 28 per cent between 1980 and 1986. During the same period, it has stepped up its front office component from 24 to 27 per cent. For the big banks, the combination of expanded front office staffs and improved back office productivity has resulted in turnover increases which are keeping pace with staffing cost increases (see page 98).

In the area of personnel, the one severe constraint faced by Swiss banks has been the shortage of specialists and the restrictions imposed by the authorities on hiring such people of foreign nationality. This means that the banks have been facing a shortage of persons skilled in the new banking specialities which have emerged in New York and London. At a strategic level, this calls for assigning the personnel development plan a
high priority as skills would have to be de
veloped from within. Thus, the banks have in
tensified training efforts at considerable extr
expense. For example, at Credit Suisse
around 10 per cent of its employees are unde
training at any given time. It has also set up the
CS International Bankers School in New Yor
to emphasise the increasing globalisation o
banking.

MANAGEMENT DEVELOPMENT

Apart from specialists, there is an even grea
ter need for top managers having strategi
conceptual capabilities. The surve
mentioned earlier also, highlights the import
ance placed by Swiss bankers on managemen
development. They rate quality of manage
ment as the most important factor in achievin
success. The matrix that emerges from th
survey shows that, apart from possessin
strategic vision, top managers are expected t
be able to translate corporate strategies int
three yearly and annual operating plans
Furthermore, they must be able to monit
progress in specific crucial areas such as man
power or technology development. Co
ordinating a number of disparate yet in
terlinked projects puts high demands on to
managers. Thus, to retain a hold over th
entire picture, top managers must b
generalists rather than banking specialists.

It is towards these ends that Credit Suiss
routinely rotates managers between front an
back office operations — "transmotion be
ween promotion", it is called. The UBS ha
promoted a number of relatively young me
in their forties, to their executive manageme
board. These are persons who have earne
their spurs in setting up investment bankin
operations in London, New York and Toky
This move not only underscores the impor
ance being given to financial services but als
the preference for "value-added" manager
ie, managers who create business oppo
tunities and not only just manage.

The strategic decisions taken in the pa
decade have helped Swiss banking to adapt
the changes in the present banking enviro
ment. However, it is certain that the prese
deregulation of the industry will result
intense competition and that its earnings wi
come under greater pressure than it already
under. Swiss banks may find consolation
the fact that they will suffer less than the oth
banks, many of whom are preoccupied wi
the sceptre of international loans defaults. Ye
in this era of uncertainty, it is difficult to fors
how the financial markets will proceed in t
future. But, whatever the direction, one can
sure that many of the decisions pertaining
the 21st century have already been taken
the boardrooms of Swiss banks.

NITIN K. SHANKAR

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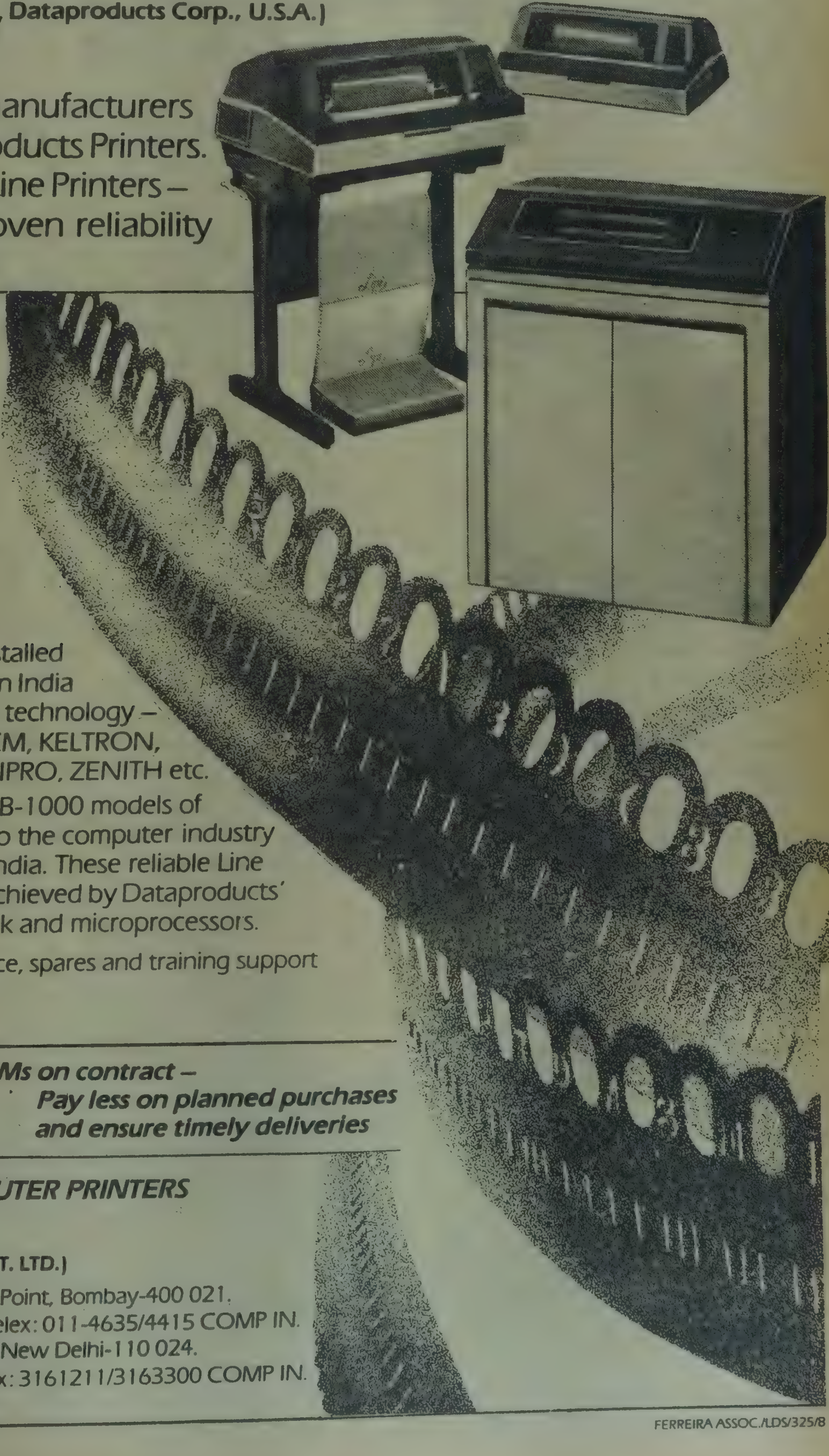

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WorldPaper

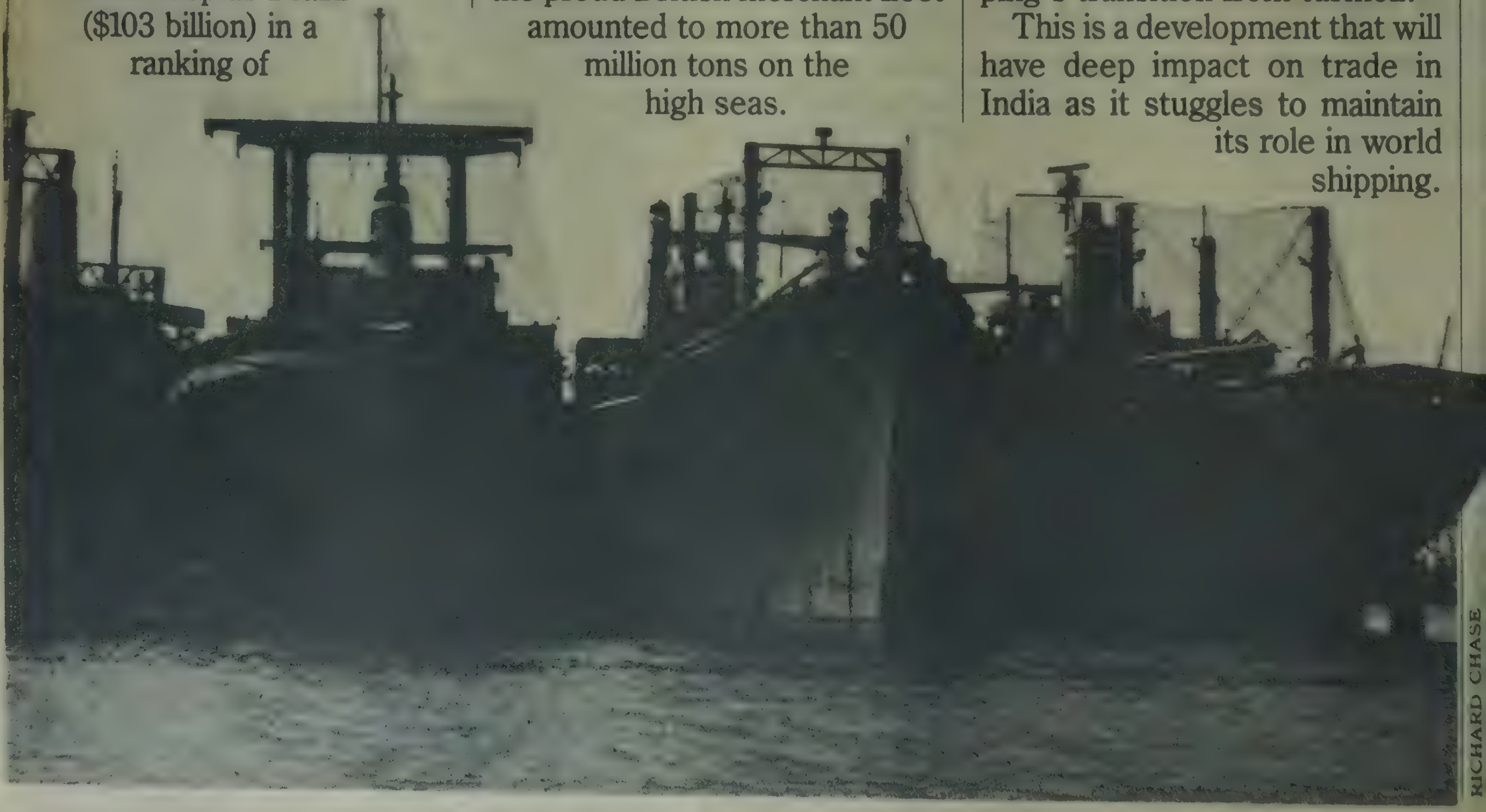
GLOBAL SHIPPING

High hopes on high seas

▶ *Container fleets, bold owners begin industry turnaround after decade of down times*

THEY OWE the banks collectively more than US$50 billion. If they were a Third World country, international shipowners would be twice as deep in debt as the Philippines ($26 billion) but half as deep as Brazil ($103 billion) in a ranking of debtor nations. Their debt is the legacy of a decade of recession that has changed the shape of global shipping. Ten years ago, the proud British merchant fleet amounted to more than 50 million tons on the high seas. This year, British tonnage dipped under 10 million. But turnaround may be nearing. Here, is a special WorldPaper report on global shipping's transition from turmoil.

This is a development that will have deep impact on trade in India as it stuggles to maintain its role in world shipping.



RICHARD CHASE

Gulf needs courage in war threatening oil gateway

Attacks kill 100 seamen, cause US$1 billion in damage

BY TONY REDDING
in Sharjah, UAE

IT TAKES special courage to sit tight in the Gulf, anchored unprotected on a salvage station knowing that your tiny tugboat is a legitimate target of the seven-year Iraq-Iran war.

The atmosphere is eerie on a 300-ton tug as you listen to the distress frequencies of the wheelhouse radio during the long, night hours.

You can hear Iranian naval patrols challenging ships entering the Gulf.

"What ship are you?" they politely inquire. "What cargo do you carry? Where do you come from? Where are you going?"

Whenever the uninitiated answers "Kuwait," a missile attack follows—at least until an Iraqi jet fired two missiles May 17 into the heart of the US missile frigate Stark.

To the Arabs, the Gulf is Arabian. To Iranians, it's Persian. To the rest of the world, the Gulf is the globe's most strategic crude oil passageway and stage of the most severe threat to merchant shipping since World War II. Passing through the Gulf are 60 percent of Japan's oil supply, 50 percent of Italy's, 4 percent of the United States'.

Simmering since Iraqi troops slammed into revolutionary Iran in 1979 expecting an easy victory, the Gulf has boiled over. A Kuwaiti bid for shipping protection has opened the way for either confrontation or cooperation between the Soviet Union and the United States.

Mostly since 1984, Iraqi and Iranian aircraft and naval units employing a wide range of missile weaponry have struck at least 245 ships, less than one of every 100 vessels passing through the Gulf. The Iraqis account for about two-thirds of the attacks. No reliable casualty statistics exist, but at least 100 seamen have died, not including 37 killed on the Stark.

More than 120 oil supertankers have been hit since April 1984. Insurers have paid more than US$1 billion in claims.

Equipped with French-provided Mirage strike aircraft and the latest Exocet sea-skimming antiship missiles, Iraq began attacking shipping in earnest in the spring of 1984. One of the first ships hit by the Iraqis was the Saudi Arabian-owned Safina Al Arab, a very large crude carrier (VLCC). Iraqi President Saddam Hussein in a broadcast warned "interested Arab brothers" against carrying Iranian crude oil.

Iraqi jets fired 53 Exocets during the first year. Only one missed. Two others failed to detonate. The missiles sank seven small-to-medium tankers and crippled 11 VLCCs.

Few crippled VLCCs are considered worth repairing because a worldwide shipping glut makes it cheaper to buy a second hand vessel; most end their days in East Asian shipbreaking yards. The Gulf is almost the last place most owners can continue earning a living.

Tony Redding is an English journalist who sailed aboard a Gulf salvage tug this year.

Oil consumers and their stake in the Gulf

Annual averages for 1986

	US	W. Germany	Japan	France	Italy	Britain
Total oil consumption (millions of barrels per day)	16.1	4.3	2.4	1.8	1.6	1.5
Percent of total oil consumption imported	37%	100%	100%	94%	100%	*
Percent of total oil consumption imported from Persian Gulf by tanker or pipeline	6%	60%	10%	33%	51%	

	United States	Japan	Western Europe
Percent of total oil consumption passing through Strait of Hormuz by tanker**	4%	60%	11%

*Britain is a net exporter of oil

**estimates for second quarter of 1987

Source: Department of Energy

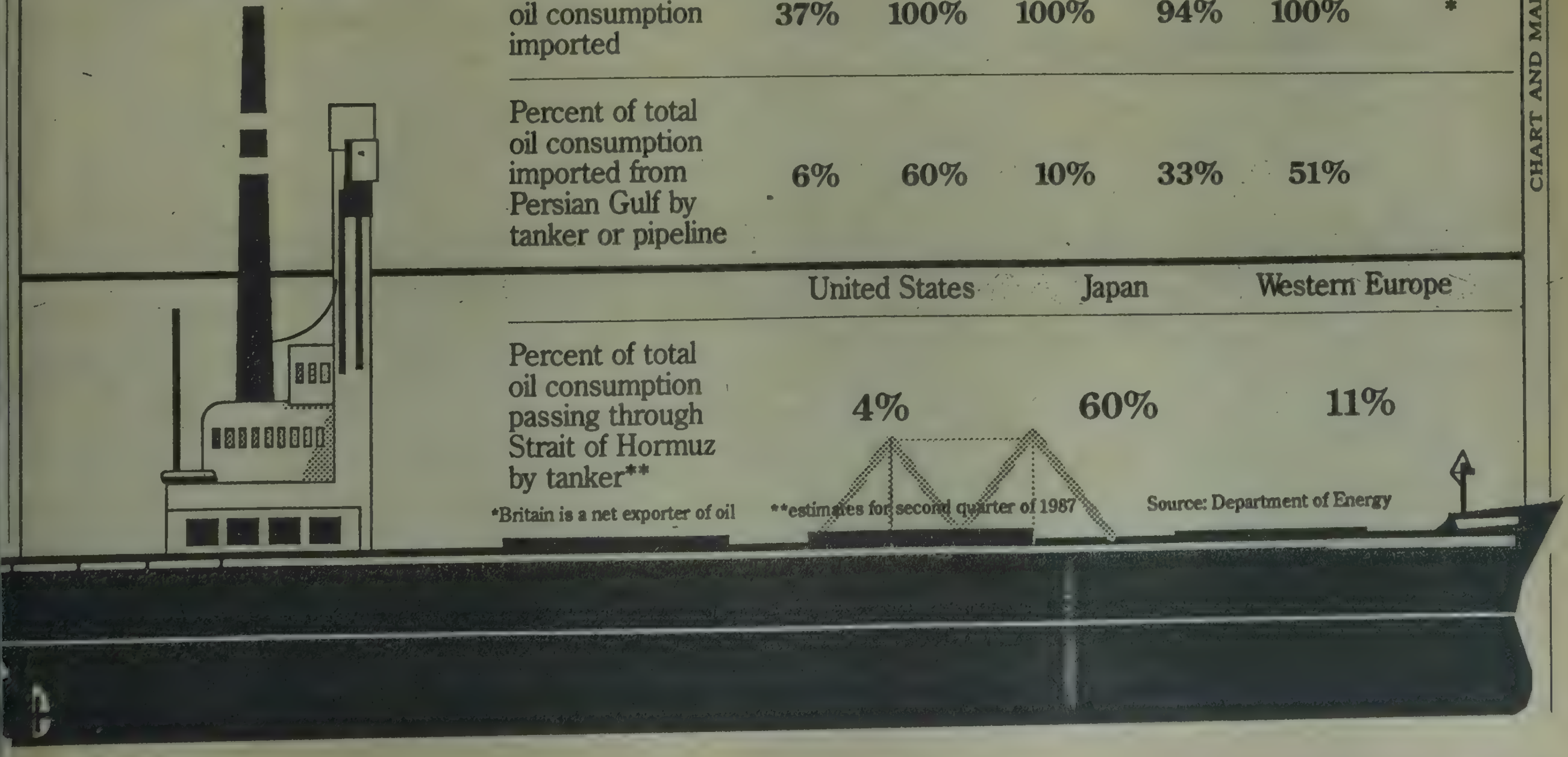
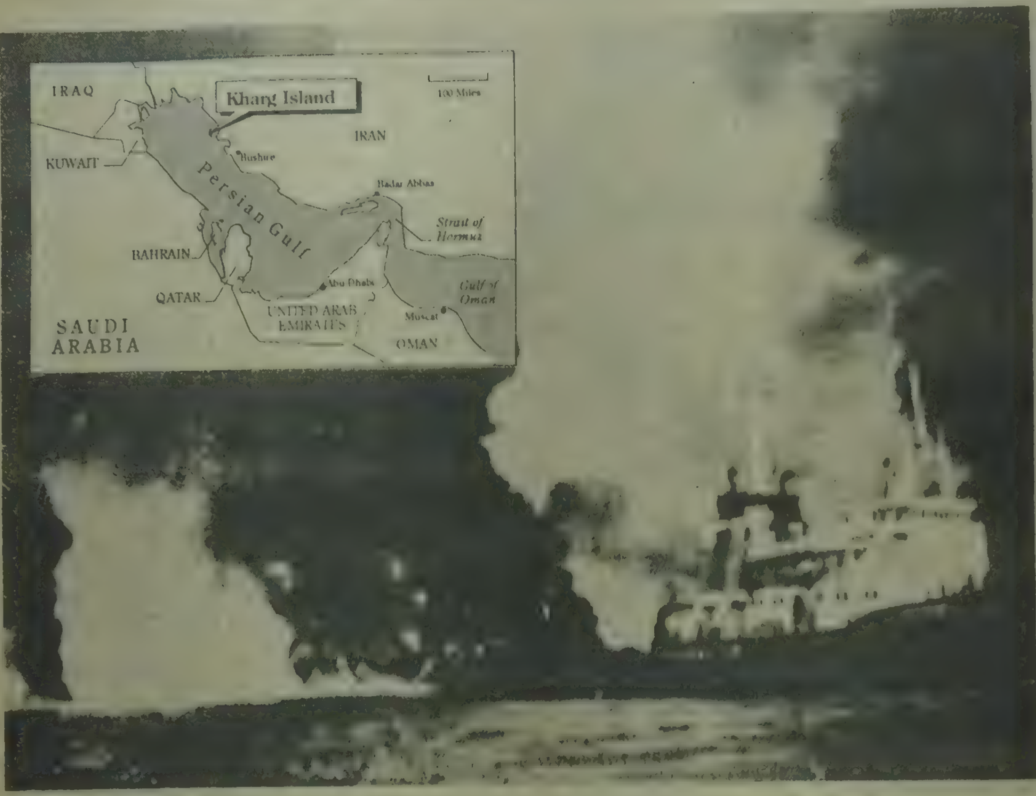


CHART AND MAP: ANTHONY SCHULTZ

GLOBAL SHIPPING



AP/WIDEWORLD

Smoke pluming from assaulted Norwegian supertanker Thorshavet darkens traffic in the whole Gulf region

Profits for a successful run are estimated up to $2 million.

The Iranians, lacking Iraq's sophisticated antiship systems, fight back against vessels they suspect are supplying Iraq. They use obsolescent Chinese-made Silkworm missiles and US-made Maverick guided missiles with a small warhead not designed for antishipping operation. Two Mavericks breached the cargo tank of the liquified petroleum gas carrier Gaz Fountain in 1984. It took 40 days to save the vessel.

Trying to deflect Iraqi attacks, the Iranians shuttle a fleet of 18 tankers over the dangerous 450-mile run from oil loading facilities at Kharg Island in the north to the southern terminals, Lavan Island and Larak. There foreign ships take the cargo.

These shuttle crews are multinational with officers from West Germany, Greece and Britain and crew from the Philippines, Bangladesh, India and other developing countries. Some officers receive $8,000 or more in double-pay risk bonus for each completed 10-day shuttle roundtrip.

In some attacks, crewmen die in their bunks. Others survive the initial blast in the engine room only to die seconds later in a cloud of super heated steam from fractured pipes. Others burn to death in flames triggered by exploding warheads and unspent propellent.

The Gulf war has meant a boom for at least four leading deep-ocean salvage companies operating more than 30 tugs to rescue ships hit by missiles.

The busiest is the Dutch Smit Tak, the world's largest salvager with 15 to 20 units in the Gulf. SEMCO and the Iranians negotiated in an unprecedented contract giving the Singapore salvager first crack at any vessel hit in Iranian waters. By tradition, the job goes to the salvager who reaches the damaged vessels first. Some salvage awards have been as rich as $10 million, with about 5 percent of the take divided among tug officers and crew, right down to the mess boy.

The crews earn their bonus. Missiles have hit 20 salvage tugs. Ships often are hit by missiles as tugs tow them. The salvaging of the VLCC Al Abood, involving one of the worst fires at sea, required 70 days to complete. Twenty vessels handled the cargo transfer.

Two Exocets hit the ship astern. She was ablaze when abandoned, her stern deck awash. Oil draining aft from the ruptured cargo tanks fed the blaze, which hit a peak temperature of 1,000 degrees Centigrade. Melting steel upperworks trickled like lava onto the deck. A fleet of tugs extinguished the fire with a massive foam attack.

Ship owners have found little defense against attack. But operators insist that as long as war risk insurance is available, the flow of Gulf oil will continue. ◆

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Oil and containers signal turnabout on the high seas

Despite heavy debt, vessel glut, shippers see hope for profit

BY ANDREW GUEST
in London, England

SIGNS ARE SURFACING that profit still rides the high seas, and that a slimmer, reconstituted shipping industry is rising slowly from global depression to seek it out.

One sign is the growth of container shipping and its rich potential, with the authoritative *Lloyd's Shipping Economist* estimating container revenue at $645 billion over the next 20 years.

Another is increased oil demand. Despite attacks on tankers in the major oil throughway of the Persian Gulf, Arab crude again may provide owners a chance to fill their vessels profitably.

Hope has been dashed before. US Lines was to lead global shipping into a new era when the US-flag carrier launched in 1984-85 its 950-foot econships, the largest supertankers afloat. Now the firm is in bankruptcy court burdened with a $1.27 billion debt after a staggering $347 million loss, its 12 econships mothballed.

Some problems persist. Owners with vessels they neither can fill with cargo nor sell because of a worldwide glut simply scrap them; in 1985, a record 32 million tanker tons were scrapped—the equivalent of 130 supertankers. Twice that amount—64 million tons—remains unused, surplus to the current 160 million tons of global demand. Supertankers parked in remote Norwegian fjords are empty, silent witnesses to the unwillingness of some owners to spend the $1.5 million to $2 million it costs to sail a vessel from Europe to Pakistan, Taiwan or other Asian ports where glut has created a boom for shipbreakers.

However, the rapid rise of Taiwan's Evergreen Line in the midst of depression offers hope.

Virtually unknown in the 1970s, Evergreen has become the world's leading liner operator with more than 60 containerships. Although its profits in 1986 fell 23 percent to $54.7 million, its gross income was $1.25 billion.

Evergreen defeated US Lines in the war of the superships. With its 16 giant containerships circling the globe in both directions on an 80-day schedule, Evergreen faces yet another challenge. This one is from 55-year-old West German entrepreneur Karl-Heinz Sager. He bucked the tide this year and started an 84-day globe-circling service with his Senator Line using 12 state-of-the-art vessels that because of glut can be chartered cheaper than ever.

Evergreen has unveiled fresh plans for a $550 million industrial complex and shipyard that banker Jim Davis of Kleinwert-Benson, referring to existing shipbuilding overcapacity, has called "midsummer madness." American President Lines plans to spend $500 million for five new vessels, terminals and associated equipment.

Lloyd's Shipping Economist estimates an investment through the year 2007 of between $35 billion and $40 billion in new containerships.

In the Third World, China is betting at least $161 million in a four-year program to challenge Japan and South Korea as a major shipbuilder. Singapore is challenging Rotterdam as the world's busiest port.

Since 1981, Britain, Norway, France and Italy have lost a combined total of 74 million tons. Cheaper labor has attracted some of that tonnage to Asian flags. Hong Kong's 13.3 million tons amounts to the world's ninth largest merchant fleet, in tonnage. Following with 12.7 million tons is the Philippines, which also represents another maritime problem because 70,000 of its 120,000 sailors are unemployed. A decade ago, the Philippines registered only 854,000 tons.

The problems will exist for a long time. Rising protectionism threatens world trade, and debt is a major barrier to the return to profitable shipping. In Brazil, Lloyd Brasiliero, the world's third largest state-owned company, owes $281.2 million that hinders effort to modernize and that the government plans simply to write off. The same problem faces the Shipping Corporation of India, in debt for $923 million.♦

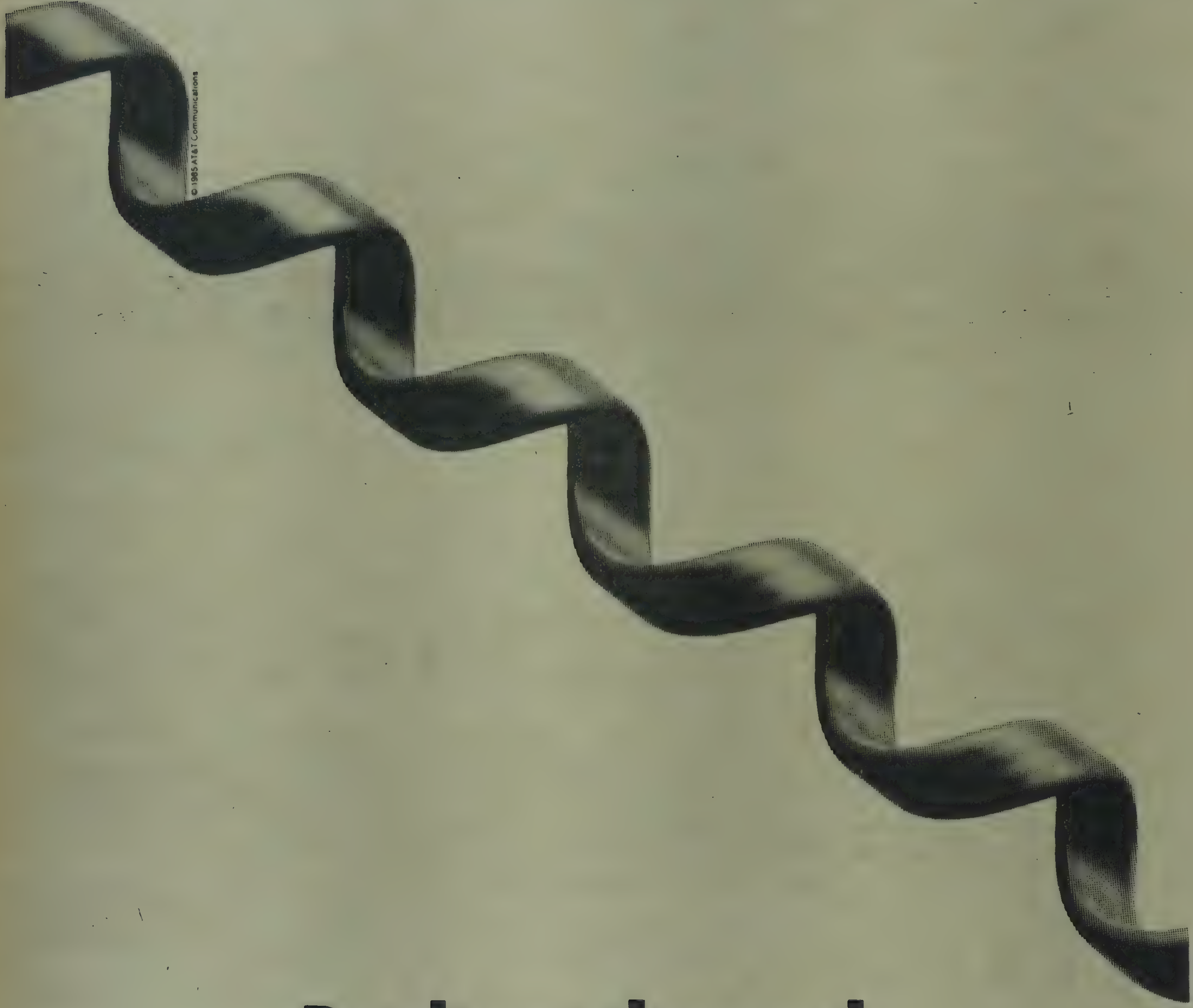
Andrew Guest specializes in covering shipping from the United Kingdom.

Top world merchant fleets

As costs rise, tonnage moves to North and East Asia

Country	*1986* Ships	*1986* Total gross tons (in Ks)	*1976* Ships	*1976* Total gross tons (in Ks)
PANAMA	3,620	42,101	1,585	14,195
USSR	2,514	18,717	2,420	14,576
LIBERIA	1,852	62,126	2,609	74,170
GREECE	1,835	32,092	1,816	23,088
JAPAN	1,604	37,366	2,079	38,609
CHINA	1,025	10,278	388	3,032
USA	737	16,034	843	12,407
CYPRUS	716	8,900	565	3,179
ITALY	569	7,855	636	10,621
UK	541	12,744	1,552	32,853
Selected Asian countries:				
INDONESIA	330	1,449	174	661
IRAN	108	2,276	46	640
IRAQ	35	858	21	543
PHILIPPINES	399	4,892	156	854
S. KOREA	487	6,575	169	1,337
KUWAIT	74	2,343	43	1,053
SINGAPORE	480	6,652	429	5,150

SOURCE: US DEPARTMENT OF COMMERCE, 1986.



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Singapore port edges Rotterdam

Now world's busiest harbor

By June Lim
in Singapore

AFTER YEARS of playing catch up, Singapore has finally edged out Rotterdam as the world's busiest port. A strong ship repair sector and attractive bunkering prices tipped the scale in Singapore's favor.

Last year, Singapore attended to 33,352 vessels totaling 324.6 million gross tonnage, 23 percent more than in 1985. These figures compare with 32,600 ships of 275.9 million gross tonnage serviced by Rotterdam.

No one is claiming Singapore soon will challenge Rotterdam's cargo handling position. Rotterdam handled 256.8 million tons last year to Singapore's 120.7 million tons.

But Singapore dreams of surpassing Rotterdam as the world's number-one container port. Ng Chee Keong, deputy director of the Port of Singapore Authority's operations division, predicts that as economic activity switches to the Asia-Pacific region, Hong Kong, already the world's number-two container port, Koahsiong in Taiwan and Singapore will pass Rotterdam and number-three New York City by 1990.

The port already, on average, can handle 64 containers an hour—double that of Rotterdam, and ahead of Hong Kong and Kaohsiung.

Singapore was able to edge out Rotterdam in traffic because it found its competitive niche—in repairs and bunkering. The figures show that close to 20 percent of the ships came in solely for these services, up from 13 percent in 1985.

To set the stage: Overproduction and weak crude oil prices helped to plunge bunker prices in July to less than US$50 per ton for a common grade fo fuel oil—from an average of $140 in January.

The effect was immediate. In a single month, 1,036 ships came into Singapore to meet their fuel requirements—more than the annual average of 958 ships.

Low repair charges, competitive tariff, the high Japanese yen, the minitanker boom and the republic's prime position midway between Japan and the Persian Gulf have all combined to make Singapore a popular place for repairs.

The Port of Singapore Authority is trying to capitalize on all these factors and sell Singapore as a one-stop total shipping center.

The Port Authority used this pitch to attract seven Scandutch container ships to Singapore's repair yards. Scandutch, a Scandinavian consortium operating services between the Far East and Europe, had previously drydocked its ships in Korea. The cheap repair bill was a major factor, but a Scandutch official said the flexibility of the Port Authority helped clinch the deal.

The Authority is also interested in boosting Singapore as a major cargo transhipment port, spanning from Australasia in the east to the Indian subcontinent in the west. Singapore has invested millions to consolidate its existing cargo infrastructure, build a new container terminal and improve its productivity. For good reason. Marine services contribute 16 percent of the country's gross domestic product of $18 billion.◆

June Lim covers shipping for *Singapore Business.*

Containers spell problems for Third World

What does a country do with a lot of labor and plenty of time?

A single container carrying the equivalent of 3,000 20-foot containers with a crew of 18 has replaced approximately six conventional cargo ships of 20 years ago with their crews of 40 or more men per ship.

A single container stevedoring gang of 15 men can load or discharge in one hour the same volume of cargo that would have taken a conventional gang around a full 24-hour day.

Those figures demonstrate the increasing impact of the marine container on sea trade since it was introduced in the late 1960s.

Containerization has helped dramatically to improve productivity as wages rise on the waterfronts and among the seagoing labor of developed countries.

But that impact translates into problems in the Third World. There authorities face the problem of installing a capital intensive, low-labor transportation system to accomodate containers in countries with scarce capital and abundant, cheap labor.

As a result of large-scale economies, the number of carriers have decreased on major long-distance trade routes. In 1986, the 20 largest of the world's almost 600 carriers controlled at least 35 percent of deep sea container ship capacity.

Large scale economies may make it uneconomic for a relatively small developing country to maintain its own merchant marine. A more viable strategy may be to develop a fleet of local or regional feeders connected with large scale operators at a regional hub port. Thailand, for example, has expanded its container trade to Singapore and Hong Kong with intraregional feeders.

On many major containerized routes, freight rates have declined by more than 50 percent during the past decade. While volume growth in the rest of world trade has been sluggish, container trade volume has grown by 13 percent annually between 1975 and 1985.

The cost of containerization has been a major restructuring of transportation systems, which in developing countries has been confined to the port and ocean transportation.

In the developed world, containerization already has penetrated deeply to inland roads and rail transportation.

It is to this next phase that planners in the developing world must turn their attention.

—By John G. Reeve, a Principal for Temple, Barker & Sloane of Lexington, MA, USA, a management consultant in transportation.

DALIAN SHIPYARD

CHINA FEATURES

This 580-ton gantry crane marks China's only 100,000 dwt berth at Dalian Shipyard

Shipbuilding stakes pit China vs. Japan, Korea

Beijing investing US$161 million to match major builders

By Dai Adi
in Beijing, China

WHILE MANY foreign shipbuilders go bankrupt or curtail production in the midst of a long international shipping depression, China is aiming at Japan and South Korea in a multi-million US dollar drive to become, like its Asian rivals, a major world shipbuilder.

With its advantage of cheap labor, China's industry has increased yearly by 20 percent since 1980.

The China State Shipbuilding Corporation (CSSC) plans by 1990 to increase annual shipbuilding capacity from today's 1.2 million deadweight tons (dwt) to 3 million. Deadweight tonnage measures the load a vessel can carry.

"This is our strategic plan," says Hu Chuanzhi, CSSC president. "I hope it will help move China from seventh to third place among world shipbuilders behind only Japan and South Korea.

"China is a potential world giant in shipbuilding."

China has a long way to go. According to US Department of Commerce statistics for 1984, the latest year available for worldwide figures, the People's Republic delivered 14 ships of 223,500 dwt, tying with Brazil and Finland for eighth among shipbuilding countries.

Japan that year delivered 425 ships accounting for half the world's 20 million dwt. South Korea was second with 54 vessels and 1.7 million dwt.

But China and Yugoslavia were the lone countries reporting an increase of new orders in the fourth quarter of 1986. Orders dropped in Japan by 20 percent and by 5 percent in South Korea, where shipyards laid off 10,600 workers, 15 percent of their work force.

In 1986, China built 346 vessels of 845,000 dwt, an all-time high, says Hu. Twenty-seven were exported to such customers as Norway, Cuba, Denmark, the United Arab Emirates, Bangladesh, West Germany, Cyprus and Hong Kong. Figures in 1985 were 605 vessels, 715,000 dwt.

China signed contracts last year with Cuba, Denmark and Norway to build 13 ships of 242,000 dwt, and, for the Ugland Group of Norway, a 118,000 dwt oil tanker that is the largest vessel the Chinese have ever built for a foreign customer.

"CSSC earned more than US$100 million in foreign exchange in 1986 by exporting ships and ship-related products and by repairing foreign ships," Hu said.

China earned but $70 million in the years before it opened in 1979 to the outside world. Since that year, China has exported more that 150 ships and oil drilling rigs to more than 20 countries, with 1.6 million dwt in foreign orders since 1980 earning $1.1 billion.

The strength of CSSC's catch-up plan, Hu says, is China's shipbuilding history of more than 100 years and an experienced, inexpensive shipbuilding labor force. With its technology now at the world level of the early 1980s, China is seeking more advanced technology, equipment and foreign cooperation to build such special-purpose ships as chemical carriers, self-discharging coalers and oil product tankers.

China has more than 500 shipyards and 160 fitting plants capable of building ships to any advanced technical standard. CSSC employs 300,000.

China's yards, like most advanced facilities the world over, can build ships in sections in different workshops and assemble them at the berth or dock, greatly shortening construction time.

Today, the berth period for a 36,000-dwt bulk carrier is 108 days. The entire building period is 193 days. The shipbuilding process for a 20,000 dwt ship was 15 months in the late 1970s.

China "faces such difficulties as low work efficiency and shortage of shipbuilding facilities," says Hu.

"For instance, though China has 14 large building berths and 13 docks above the 10,000-dwt-class, it has only one 100,000-dwt-class berth at the Dalian Shipyard and several 20,000 dwt-class berths at the Jiangnan Shipyard in Shanghai."

CSSC's 1986-1990 development plan has targeted $161 million to expand and retool a dozen berths and docks and to build ships ranging from 40,000 dwt to 200,000-dwt.

The prospects for China's shipbuilding are promising, Hu asserts, not only because of the world market but because of an almost insatiable domestic market. A survey shows China will need more than nine million dwt of ships for ocean, coastal area and inland river transport by the end of 1990.◆

Dai Adai is a staff writer for China Featrues in Beijing.

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ATLANTA INTERNATIONAL AIRPORT

Third World sailor gripes over pay, ship conditions

Despite wide unemployment, sea makes Filipino wealthy

BY MICHAEL D. MARASIGAN
in Manila, the Philippines

ABOARD SHIP, Chief Engineer Nunilo Roldan is happy enough, even if he gets treated like an ordinary seaman. By the standards of his native Philippines, the sea has made him a rich man.

Roldan, 33, is one of 120,000 seamen from the Philippines, the largest shipboard labor supplier in the Third World. Roldan and his colleagues provide the fifth-largest chunk of their country's foreign exchange earnings—US$90 million in 1985.

Roldan's monthly salary of $1,295 per month puts him on a par with a mid-level Filipino executive. His newly-built $15,000 house in Iloilo is his self-described "mansion."

But for all the money, Roldan gripes about the plight of Third World seamen. He says competition and discrimination have combined to lower wages and working conditions.

The Philippine government might well gripe, too. Annual remittances from seamen, after hitting $284.4 million in 1983, dropped in 1984 to $186.3 million and in 1985 to $90 million.

The government blames it on the worldwide slump in the shipping industry, but Roldan thinks otherwise. The stiff competition among the Philippines' 80 or so manning agencies has led to a huge decline in seamen's pay.

The International Transport Workers Federation estimates 70,000 Filipino seamen are out of work, despite the fact that the number employed has grown at an annual rate of 9 percent—from 23,534 in 1975 to 51,446 in 1985. Suddenly, it's a buyer's market.

The entry of seamen from other poor nations has shrunk the shipboard posts for Filipinos, considered among the Third World's most efficient workers. But technological factors have changed the economic equation.

For Chief Engineer Nunilo Roldan, the sea is his boon and bane

BUSINESSDAY

An automated vessel requires the expertise of ship officers from advanced nations. To minimize costs on pay, ratings from Third World countries are employed—and paid on a reduced scale.

"If you come from a Third World country, particularly the Philippines, your position is normally one grade lower than your actual rank," according to Roldan. He said he should be earning about twice his salary, although he earns in a year what most Filipinos can expect to earn in a lifetime.

Yet despite the discrimination, Filipino seamen are attracted to the work, if for no other reason than the lack of opportunities at home. Roldan's career began when he signed on as a 100-peso—then about $15—per month engineer's apprentice, back in 1975. It took a five-year climb before he began to earn decent pay.

"Everything is free while you're on board a vessel and I'm not married," he said. "I didn't mind the low pay when I started because I wanted to see the world and I knew it was very expensive to travel."

Since then, he has boarded almost all types of vessels. He likes working with the Dutch and Japanese but despises the Greeks.

The Dutch have good facilities and pay better while the Japanese are always clean and very honest. The Greeks? "I hate to work with them, they look at Filipinos as if we are the lowest race in the world," he says. "They can't even pay you on time and if you are really unlucky you go hungry aboard their ships."

At home in Iloilo City, in the central Philippines, he is the sixth in a family of nine children and the only seaman. He is a good provider.

"They get excited the moment they know I'm back in the Philippines. They know I have a lot of goodies for them," says Roldan, who comes from a farming family.

He also put three siblings through college. Whenever he is in town his farmer brothers borrow cash for seeds and farm inputs.

"I really don't mind if they can't pay me back. It's the only way I can help them. After all, they also supported me in the past."

Roldan will be the first to build a house among them. He says he already spent $15,000 for construction, with only the finishing touches left. If his house were built in Manila, it would be a modest one. But in Iloilo, a $15,000 house is definitely a "mansion."

"It came mostly from my earnings during the past two years," he said. "During my early years of working as a seaman, I saved for the appliances and other things. Now they fill up my house."♦

Michael D. Marasigan has covered shipping for *Business Day* in Manila.

Corporate Monitor

Tata Tea

Decline in tea prices; lower exports; lower sales and production of tea; diversification into transport services and export of spices; direct marketing to consumers

Tata Tea, which manufactures about 7 per cent of the total Indian tea crop, is now better equipped to withstand uncertainties prevailing in the tea industry. Although production of black tea during the first five months of 1986 was lower by 22 per cent, the annual production of total tea was lower by only 11.7 per cent at 46.61 million kgs (previous year: 52.77 million kgs). Sales declined by 6.7 per cent at Rs 132.86 crores (Rs 142.44 crores) Other income increased by nearly 17 per cent to Rs 8.38 crores (Rs 7.17 crores). This resulted in a 1 per cent increase in operating profit to Rs 28.10 crores (Rs 27.83 crores). However, a 60 per cent increase in interest cost to Rs 8.40 crores (Rs 5.24 crores) and 20 per cent increase in depreciation to Rs 5.90 crores (Rs 4.92 crores) brought down the profit before tax by 22 per cent to Rs 13.80 crores (Rs 17.67 crores). A reduction in tax by 13.3 per cent could not save the net profit from declining by 27 per cent to Rs 8.45 crores (Rs 11.57 crores). Total foreign exchange earnings declined by 20.3 per cent to Rs 11.80 crores (Rs 14.80 crores).

The fall in income was mainly due to lower tea prices from Rs 24.5 to Rs 22.9 per kg — a fall of 6 per cent. The selling price per kg of packet tea and instant tea declined by 4.7 per cent to Rs 41.2 (Rs 43.2). Sales in terms of quantity of tea (other than packet and instant tea) increased by 4 per cent to 45.89 million kgs (44.16 million kgs). But due to lower sales realisation per kg, sales value declined by 3 per cent to Rs 104.6 crores (Rs 107.96 crores). Sales of packet tea and instant tea in terms of quantity and value decreased by 18 per cent to 6.48 million kgs (7.85 million kgs) and by 21.3 per cent to Rs 26.67 crores (Rs 33.89 crores), respectively. However, there was an appreciable increase in income from coffee and cardamom. Although production of coffee was lower by 13 per cent at 4.86 lakh kgs (5.58 lakh kgs), volume of sales was higher by 70 per cent at 5.86 lakh kgs (3.45 lakh kgs).

(Rs crores)

Year ended 31 Dec	1986	1985
Sales	132.86	142.44
Other income	8.38	7.17
Operating profit	28.10	27.83
Interest	8.40	5.24
Depreciation	5.90	4.92
Pre-tax profit	13.80	17.67
Tax	5.35	6.10
Net profit	8.45	11.57
Equity capital	10.52	8.00
Reserves	44.69	39.02
Loans	45.54	51.08
Net fixed assets	48.60	47.86
Net current assets	24.84	23.03
EPS (%)	80.30	144.63
Dividend (%)	30.00	30.00
Market price (Rs)		
Current	108.00	
1987: High	117.00	
Low	93.00	

The poor tea crop was mainly due to unprecedented droughts and power crisis. The 100 per cent instant tea export oriented unit faced stiff competition due to availability of black teas at lower prices from other countries. The shipping division did not fare well due to continued depression in the shipping industry. While gross margin was lower by 10 per cent at 14.8 per cent (15.9 per cent), net margin declined to 6.4 per cent (8.1 per cent). Due to lower profitability, return on share holder's funds decreased to 15.3 per cent (24.6 per cent). As dividend was maintained at 30 per cent on enlarged capital, due to partial conversion of 13.5 per cent bonds, the pay-out ratio jumped to 37.4 per cent (20.7 per cent).

There has been a substantial increase of 60 per cent in interest charges which, as a percentage to total revenue, is higher at 6 per cent (3.5 per cent). This is inspite of improvement in debt-equity ratio to 0.8 (1.09) and 10 per cent decline in total loans to Rs 45.54 crores (Rs 51.08 crores). Inventories account for 52 per cent (59 per cent) of total current assets while debtors account for 23 per cent (20 per cent).

The future prospects largely depends on climatic conditions and international tea prices. As a measure of profitable diversification, the company has decided to develop a "total integrated transport system" to cover all kinds of transport services, port handling, inland clearance services, etc. It has also entered the field of export of spices. To check uncontrollable price fluctuations in the auctions, the company has decided to market garden-packed tea in polypacks directly to the consumers. With a view to extending and directly controlling its instant tea operations in the United States, the company has accepted an offer to purchase the Instant Tea related fixed assets of Tritea Inc of the US. It is awaiting formal written approval from the government.

Indian Hotels

Exceptionally good performance; large invest- ments being made; future growth expected t be maintained

The Indian Hotels Co Ltd, owner of the Ta group of hotels, has reported its best eve performance, during the year ended 31 Marc 1987. With total revenue increasing by 19 pe cent to Rs 93.05 crores (previous year Rs 78.48 crores), operating profit has seen substantial increase, by about 37 per cent, t Rs 20.66 crores (Rs 15.11 crores). After a 2 per cent increase in interest charges an higher depreciation, the pre-tax profit higher by 60 per cent at Rs 9.13 crores (Rs 5. crores). And with tax provision of Rs 2.7 crores (Rs 1.60 crores), the net profit amount to Rs 6.37 crores (Rs 4.11 crores). The di vidend on the equity capital of Rs 7.85 crore has been hiked by 5 points to 30 per cent. Bu with earnings per share increasing to Rs 8.1 (Rs 5.24), the dividend payout amounts t only 37 per cent (48 per cent).

The 38 per cent increase in borrowings t Rs 54 crores, has resulted in higher interes charges. The large borrowing was neces sitated by the continued annual programmes o modernisation, renovation of old facilitie and establishment of new hotels. In the cu

(Rs crores)

Year ended 31 March	1987	1986
Income	93.05	78.48
Operating profit	20.66	15.11
Interest	7.28	5.96
Depreciation	4.25	3.44
Pre-tax profit	9.13	5.71
Tax	2.75	1.60
Net profit	6.37	4.11
Investments	5.53	6.21
Equity capital	7.85	7.85
Reserves	32.73	28.70
Loans	53.58	38.82
Debt: equity ratio	1.32:1	1.06:1
Net fixed assets	67.56	53.72
Net current assets	21.07	15.44
EPS (%)	81.20	52.40
Dividend (%)	30.00	25.00
Market price (Rs)		
Current	110.00	
1987: High	125.00	
Low	62.50	

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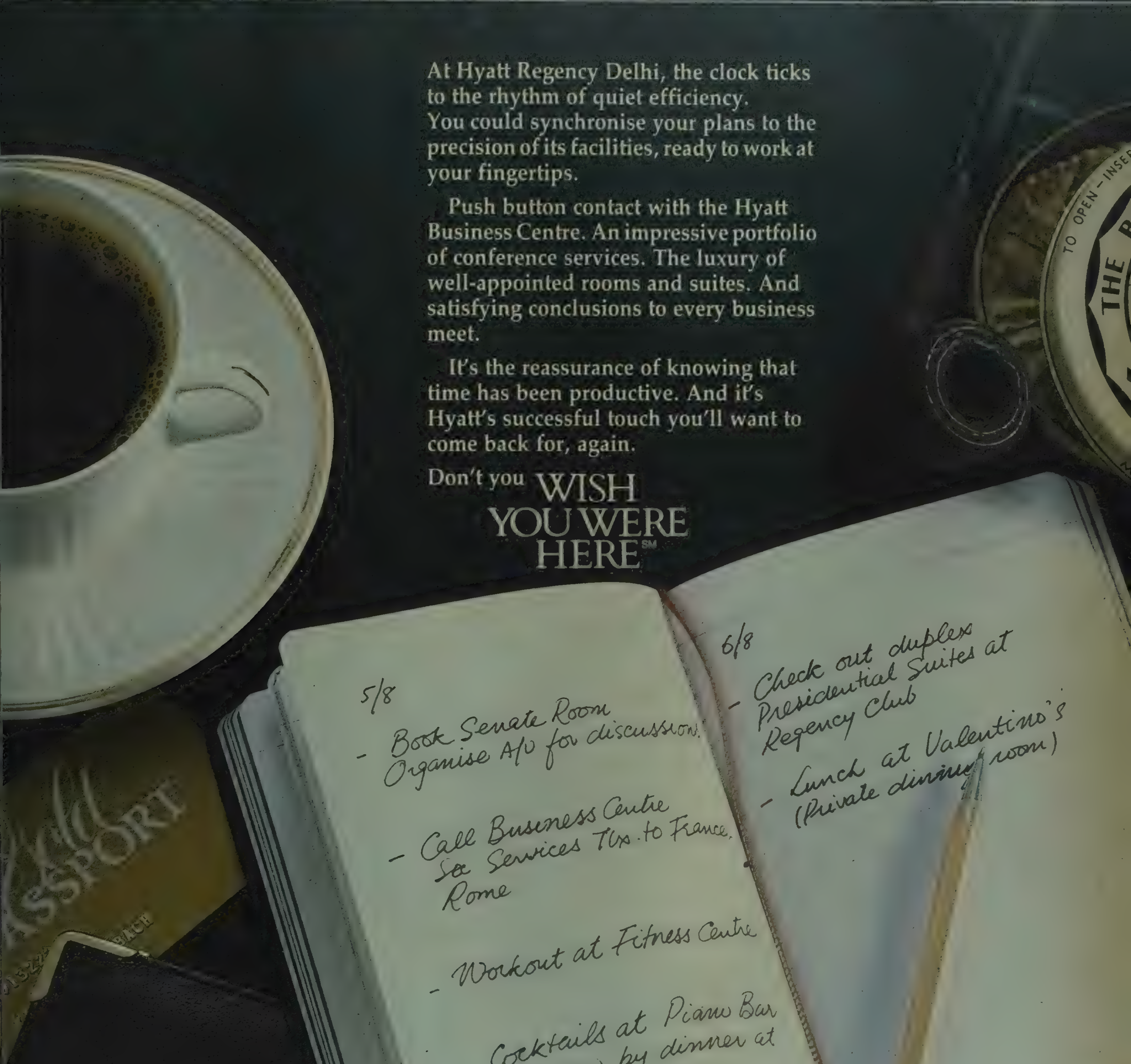
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STATUTORY WARNING: CIGARETTE SMOKING IS INJURIOUS TO HEALTH

rent year — beginning 1 April 1987 — the company offered 12.5 per cent secured convertible debentures of the aggregate value of Rs 22.30 crores for cash at par to the shareholders on rights basis. The issue was successful and the company has decided to retain upto 25 per cent of the excess subscription.

Indian Hotels added about Rs 14 crores (Rs 5 crores) to fixed assets during the year under review. Apart from this, the capital work-in-progress at year-end amounted to Rs 11 crores against Rs 7 crores. The Jai Mahal Palace, Jaipur, and Hotel Chandala, Khajuraho, are recent additions to the Taj group.

Work on the renovation of the Taj Mahal Hotel, Bombay, is under progress, while the renovation of the Connemara Hotel, Madras, the West End Hotel, Bangalore, and the Savoy Hotel, Udagamandalam, has commenced. The hotel in Calcutta, Taj Bengal, is progressing satisfactorily and is expected to be partially commissioned in mid-1988. Construction work on a new hotel in South Bombay has commenced.

All this developmental work would require substantial investments, but here official policy will help the company. The government has decided to grant a 20 per cent rebate on interest on loans from financial institutions to five star and other approved hotels whose foreign exchange earnings exceed 50 per cent and 25 per cent respectively of their hotel earnings. Indian Hotels' total foreign exchange earnings, as reported to the Department of Tourism, amounted to Rs 58.20 crores (Rs 45.72 crores) and it can easily avail of these benefits.

The auditors of Indian Hotels state in their report that the provision for taxation has been made after considering, as a deduction from taxable income, an amount of Rs 6.49 crores (Rs nil in the year under review) for investment allowance in respect of plant and machinery installed in hotel undertakings. Such a claim has not been allowed by the tax authorities for earlier years. The company has appealed the disallowance. If the deduction for investment allowance was not considered, the provision for tax would have been higher by Rs 3.9 crores (Rs nil for the year under review). Due to the above and other methods used, the profit for the year is higher by Rs 36.22 lakhs, and the reserves higher by Rs 5.76 crores.

Warren Tea

Higher exports; marginal increase in revenue; higher profits; higher sales realisation; assets revalued

Warren Tea, in which Warren Tea Holdings Limited of the UK holds 73.5 per cent of equity, has reported higher gross profit of Rs 7.57 crores (previous year: Rs 6.97 crores) inspite of the fluctuating pattern of tea sale price realisation during the year ended 31 March 1987. Sales and other income have increased by 1 per cent to Rs 40.53 crores (Rs 40.09 crores). Operating profit improved impressively by 13 per cent to Rs 9.37 crores (Rs 8.29 crores). But due to increase of 36.4 per cent in interest charges to Rs 1.80 crores (Rs 1.32 crores) and 52.7 per cent increase in depreciation to Rs 1.45 crores (Rs 95 lakhs) pre-tax profits showed a meagre 1.7 per cent increase to Rs 6.12 crores (Rs 6.02 crores). Thanks to a 31.6 per cent reduction in tax to Rs 1.75 crores (Rs 2.56 crores), net profit was higher by 25.9 per cent at Rs 4.37 crores (Rs 43.47 crores). This resulted in the earnings per share improving by 23 per cent.

The year started with a drought followed by excessive rainfall resulting ultimately in a shortfall in tea harvest by 2.1 per cent at 13.85 million kgs (14.14 million kgs). The price realisation pattern during the second half varied considerably as compared to the first half. Sales in terms of quantity was lower by 5.5 per cent at 13.65 million kgs (14.44 million kgs). Fortunately, sales realisation per kg was higher by 6.9 per cent at Rs 29.4 (Rs 27.5). This resulted in a 0.8 per cent increase in sales in terms of rupees to Rs 40.06 crores (Rs 39.73 crores). International price levels were somewhat lower but the company's teas, under the Warrens trademark, earned a premium over other formidable brands. This resulted in a substantial 40.4 per cent increase in export earnings to Rs 14.07 crores (Rs 10.02 crores). However, loss on exchange fluctuation was higher at Rs 99.92 lakhs (Rs 85.83 lakhs).

(Rs crores)

Year ended 31 March	**1987**	**1986**
Sales & other income	40.53	40.09
Operating profit	9.37	8.29
Interest	1.80	1.32
Depreciation	1.45	0.95
Pre-tax profit	6.12	6.02
Tax	1.75	2.56
Net profit	4.37	3.47
Equity capital	3.90	3.90
Reserves	43.92	5.71
Loans	8.25	5.69
Net fixed assets	58.86	16.94
Net current assets	(2.51)	(1.68)
EPS (%)	112.05	89.00
Dividend (%)	22.50	25.00
Market price (Rs)		
Current	60.00	
1987: High	78.00	
Low	50.00	

The expenditure pattern shows an escalation over the previous year due to increased cost of wages, higher interest and energy costs. During the year, fixed assets were revalued with effect from 1 April 1985 and Rs 35.95 crores were added to the revaluation reserves. As a result, return on shareholder's funds was lower at 9.1 per cent (36.1 per cent). Additions to gross block amounted to Rs 8.84 crores which were financed from loan funds of Rs 2.56 crores and balance from internal accruals. The tax ratio was brought down from 42.5 per cent to 28.6 per cent.

The company's attitude towards shareholders seems to be conservative. Inspite of higher profits and reasonably good prospects, equity dividend was cut down by 2.5 per cent to 22.5 per cent (25 per cent). This resulted in lower pay out ratio of 20.1 per cent (28.1 per cent). The pressure on working capital may have forced the management to reduce the dividend. Current ratio deteriorated to 0.8 per cent (0.9 per cent) resulting in negative working capital of Rs 2.51 crores (Rs 1.68 crores, negative). This also seems to have forced the company to utilise more costly means of finance like bank overdrafts. Interest costs have increased to Rs 1.80 crores (Rs 1.32 crores). In spite of all these financial difficulties, the maximum amount due at any time during the year, from Warren Industrial Ltd, a company under the same management, was substantially higher at Rs 3.69 crores (Rs 2.53 crores). However, dues at the balance sheet went down considerably from Rs 17.37 lakhs to just Rs 0.84 lakhs.

The growing conditions during the current year have so far been satisfactory. The company has been able to achieve higher production during the first quarter of the current year as compared to the corresponding period in the previous year.

Jagatjit Industries

Good performance; increase in input costs affects bottom line; continued investments in fixed assets

Jagatjit Industries, manufacturers of liquor (Aristocrat whisky), Milkfoods (Viva) and glass bottles, has done exceptionally well for the 15 month period ended 31 March 1987. For proper comparison of performance with the previous 12 month period, percentage changes have been annualised. With sales for the period rising by 37 per cent to Rs 133.50 crores (previous period: Rs 78.16 crores), the operating profit has increased by 31 per cent to Rs 16.22 crores (Rs 9.97 crores). But, after

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The pre-tax profit increased to Rs 1.27 crores (Rs 76.82 lakhs).

(Rs crores)

Year ended 31	Dec 1985 (12 months)	Mar 1987 (15 months)
Sales & other income	133.50	78.16
Operating profit	16.22	9.97
Interest	4.46	2.48
Depreciation	4.85	1.27
Pre-tax profit	6.91	6.22
Tax	2.76	3.12
Net profit	4.15	3.10
Equity capital	3.03	3.03
Reserves	17.50	14.37
Loans	27.68	19.89
Net fixed assets	23.04	19.26
Net current assets	24.74	17.65
EPS (%)	136.95	102.30
Dividend (%)	30.00	30.00
Market price (Rs)		
Current	90.00	
1987: High	NA	
Low	NA	

substantial increase in finance charges of Rs 4.46 crores (Rs 2.48 crores), and depreciation of Rs 4.85 crores (Rs 1.27 crores), the pre-tax profit decreased by 18 per cent to Rs 6.91 crores (Rs 6.22 crores). Thanks to lower taxes of Rs 2.76 crores (Rs 3.12 crores), the net profit was higher by 7 per cent at Rs 4.15 crores (Rs 3.10 crores). The dividend on the equity capital of Rs 3.03 crores has been maintained at 30 per cent.

The mainstay of the company's operations is its liquor business, which contributes more than 65 per cent of total sales. With production increasing to 25,188 kilo litre (18,149 kl) and volume sales to 21,898 kl (16,907 kl), the sales value increased by 28 per cent to Rs 92 crores (Rs 58 crores). The realisation per kl amounted to Rs 42,038 (Rs 34,129). This is explained by higher excise duty on alcohol which for the company increased to Rs 9.35 crores (Rs 5.23 crores). The malted milk food sales increased to Rs 22.84 crores (Rs 14.23 crores). The production of glass increased to 46,510 tonnes, close to its expanded capacity of 50,000 tonnes. The glass making capacity was doubled to the present level after the amalgamation of Universal Glass Ltd with the company in 1983.

The sales from glass bottles increased to Rs 10.07 crores (Rs 5.19 crores). The sales from trading items increased substantially by almost four times to Rs 13.90 crores (Rs 2.49 crores). The trading operations are spread over several areas with shrimps alone amounting to Rs 12.30 crores (Rs 1.74 crores). The company's earnings from exports increased to Rs 14.05 crores (Rs 3.65 crores).

However, the margins on company's products were under pressure inspite of higher price realisation.

This is due to increased operating expenses. Apart from higher excise duty and finance charges, increases were registered in power and fuel Rs 11.24 crores (Rs 5.77 crores); salaries and wages Rs 6.25 crores (Rs 4.15 crores); and selling expenses Rs 8.85 crores (Rs 3.79 crores). If not for increase in input costs, the other operational criteria like inventories, sundry debtors and creditors are at satisfactory levels.

The increase in production volumes was mainly due to expansion in installed capacities after substantial capital investments. During the period, addition towards plant and machinery and buildings amounted to Rs 8.97 crores (Rs 1.94 crores). Jagatjit's 51 per cent holding in Milkfood Ltd, has been transferred to LP Investments Ltd, another wholly owned subsidiary of the company. LP Investments' equity capital is Rs 33.75 lakhs while Milkfood's equity capital is Rs 56.86 lakhs.

Milkfood Ltd mainly produces infant milkfood/milk powder and achieved sales of Rs 42 crores (Rs 36 crores) for the year ended 31 December 1986.

Results announced

Tomco

After a disastrous year (year ended March 1986), when the turnover dropped by 3 per cent and profit after tax by 92 per cent, Tata Oil Mills Co (Tomco), the second largest manufacturer of soaps and detergents in the country, has bounced back this year (year ending March 1987). Tomco's turnover in 1986-87 has gone up by 22 per cent to Rs 240.63 crores (previous year: Rs 196.78 crores). Gross profit has gone up by 26 per cent to Rs 11.23 crores (Rs 8.92 crores). After providing for interest at Rs 7.02 crores (Rs 6.43 crores), depreciation at Rs 2.18 crores (Rs 2.09 crores) and tax Rs 75 lakhs (nil), the profit after tax for the year was 225 per cent higher at Rs 1.29 crores (Rs 40 lakhs). Consequently, the dividend for the year has also been raised to 15 per cent (12 per cent).

The improved performance during the year was largely due to the streamlining of production operations in its various units by greater emphasis on product-mix and higher capacity utilisation. Improvement in quality has also helped the company to sell more soaps and detergents in the market.

Bombay Dyeing

Bombay Dyeing has reported an encouraging performance for the 18 months ended 31 March 1987. Both sales and profits registered substantial increases and a principal reason for the company's turn around was the DMT plant which has been working at its rated capacity since July 1986. Against a meagre dividend of 7 per cent in the previous year, the total dividend for 1986-87 is 22 per cent (ie, 14.7 per cent on an annual basis).

Sales increased to Rs 330 crores (previous year: Rs 149.23 crores) and gross profit to Rs 26.99 crores (Rs 8.34 crores). After providing for depreciation of Rs 17.25 crores (Rs 3.06 crores), the net profit amounts to Rs 9.35 crores (Rs 2.76 crores).

The textile division of the company fared well, thanks to lower cotton prices. Exports amounted to Rs 37.33 crores and the company's weaving capacity was expanded. Bombay Dyeing is now awaiting government approval for re-endorseent of its DMT capacity from 60,000 to 100,000 tpa.

Indian Dyestuff

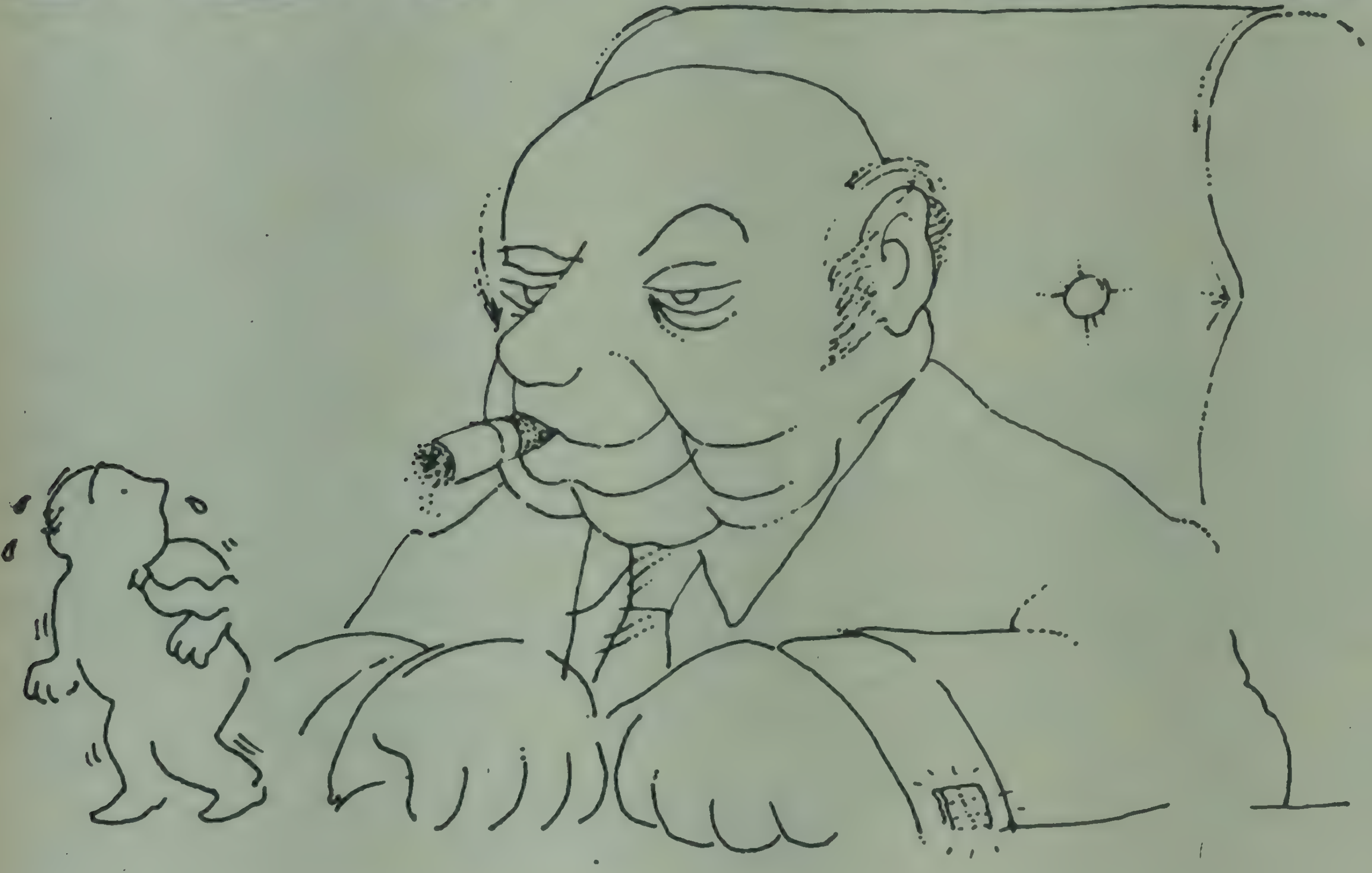
As anticipated, Indian Dyestuff Industries Ltd (IDI), a leading manufacturer of dyestuffs and its intermediates, and owned by the Bombay based Yogendra Mafatlal, announced very encouraging results for the year ended March 1987. Turnover during the year increased to Rs 164.72 crores (previous year: Rs 120.26 crores) up by 37 per cent. Similarly, the gross profit at Rs 4.26 crores was 54 per cent higher. Profit after tax, at Rs 1.67 crores, was a whopping 738 per cent higher than the previous year (Rs 20 lakhs). Consequently, the company has stepped up its dividend rate to 14 per cent (10 per cent).

During the year, the dyestuff industry in general has done extremely well, mainly due to a doubling of exports from Rs 45 crores to Rs 90 crores. In case of IDI, the export performance has been even better. Their total exports during the year was around Rs 25 crores, up from Rs 10 crores in the previous year.

GEC

General Electric Company of India Ltd has trimmed the dividend on equity shares from 15 to 10 per cent during the year ended 31 March 1987. Though the company's sales were higher at Rs 106.06 crores (previous year: Rs 97.04 crores), GEC registered a marginal drop in the operating profit to Rs 7.52 crores (Rs 7.68 crores). After provid-

TOP DOG



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THE ECONOMIC TIMES

MAKES YOUR BOSS THINK AHEAD OF YOU

R. KANGA/ET/3A/87

ing Rs 1.32 crores (Rs 1.10 crores) towards depreciation and Rs 2.52 crores (Rs 1.59 crores) for interest, the pre-tax profit has fallen sharply to Rs 3.67 crores (Rs 4.98 crores). The tax liability for the year is Rs 1.93 crores (Rs 2.54 crores) and the net profit works out to Rs 1.74 crores (Rs 2.43 crores).

Raymond Woollen

Raymond Woollen Mills has announced a generous bonus issue in the ratio of 1:1 and stepped up the equity dividend to 25 per cent (previous year: 22 per cent) for the year ended 31 March 1987. Sales registered a 35 per cent increase to Rs 225.19 crores (Rs 166.51 crores). The gross profit at Rs 26.87 crores (Rs 17.07 crores) is up by 55.7 per cent. After providing Rs 13.34 crores towards depreciation, Rs 8.45 crores), the net profit is 55 per cent nigher at Rs 13.23 crores (Rs 8.61 crores). The proposed dividend absorbs Rs 3.14 crores Rs 2.47 crores).

Vareli Textile

Vareli Textile Industries, which entered the capital market in November 1986, is paying a maiden dividend of 22 per cent. For the year ended 31 March 1987 the company has performed well. Turnover increased to Rs 55.66 crores (previous year: Rs 41.67 crores) and the operating profit to Rs 9.19 crores (Rs 5.86 crores). The gross block registered a substantial rise to Rs 23.17 crores Rs 9.83 crores). Consequently interest charges are higher at Rs 1.89 crores (Rs 58 akhs) and depreciation, Rs 1.26 crores (Rs 60 akhs). The tax burden is negligible at Rs 40 akhs (Rs 64 lakhs) and the net profit works out o Rs 5.64 crores (Rs 4.34 crores).

During the year, the company installed 160 huttle looms. At the beginning of the current ear, 240 automatic shuttle change and 64 waterjet looms are being installed while clearnce is awaited for another 56 waterjet looms. he capital outlay of Rs 13.34 crores for the roject was raised from the public. Sales durng the first quarter of 1987 is placed at s 15.14 crores.

Colour-Chem

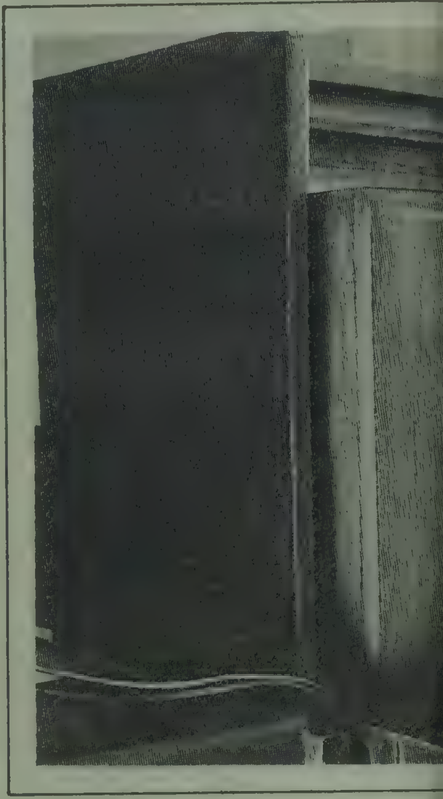
olour-Chem Ltd has fared well during the ear ended 31 March 1987. The company is aying a higher dividend of 18 per cent (previus year: 14 per cent) absorbing Rs 1.42 ores (Rs 1.11 crores). Net sales increased by 6.5 per cent to Rs 66.95 crores (Rs 57.49 ores) with export contributing Rs 8.39 crores s 5.59 crores). All the major product segments of the company — paint, printing ink and leather chemicals — registered increases in sales.

The gross profit was significantly higher at Rs 7.95 crores (Rs 4.87 crores). After providing Rs 3.01 crores towards depreciation (Rs 2.83 crores) and Rs 1.57 crores for taxation (Rs 58 lakhs), the net profit is substantially higher at Rs 3.37 crores (Rs 1.45 crores).

In brief

- **India Photographic Co**, which skipped payment of dividend last year, has performed well in the first quarter of 1987. Turnover was higher at Rs 8.35 crores (Rs 7.88 crores) with a pre-tax profit of Rs 47 lakhs.
- **Hindustan Ferodo** has registered sales of Rs 10.22 crores (Rs 10.65 crores) in the first five months of the current year. Despatches were affected in May due to the anti-octroi strike in Bombay. According to the chairman, 1987 will see a "higher turnover and proportionate rise in profits".
- **Sundaram Clayton,** which announced its results recently, proposes to transfer the assets of its mopeds division to TVS-Suzuki. The company has a 32 per cent equity stake in TVS-Suzuki and feels that the mopeds division could be "advantageously integrated" into its operations. the transfer will commence from 1 September 1987.
- **National Organic Chemicals** has posted sales of Rs 107 crores (Rs 89 crores) in the first five months of the current year. Production of ethylene was higher at 30,998 tonnes (23,914 tonnes) but the agrochemicals division was shut down in the first quarter for plant maintenance. Hence production was lower. A Rs 5.50 crore plant for the manufacture of two agrochemical products is being implemented.
- **Nagarjuna Finance,** in the six months ended March 1987, has registered an income of Rs 4.07 crores (Rs 2.63 crores). The gross profit works out to Rs 1.05 crores (Rs 71 lakhs) and after providing for depreciation and taxation, the net profit is slightly higher at Rs 50 lakhs (Rs 43 lakhs). An interim dividend of 10 per cent will be paid.
- **S.S. Miranda** has reported lower sales of Rs 11.36 crores against Rs 17.81 crores in the previous year. The gross profit slumped to Rs 56.52 lakhs (Rs 98.69 lakhs) and after depreciation the net profit is Rs 6.62 lakhs (Rs 49 lakhs). The company is paying a dividend of 10 paise per share.
- **Britannia Industries** has recommended an interim dividend of 8 per cent for the six months ended 31 May 1987. During this period, sales increased by 18 per cent to Rs 90.16 crores (previous year: 76.21 crores) and a gross profit of Rs 6.48 crores (Rs 6.30 crores). After providing for depreciation and taxes the net profit has improved to Rs 3.61 crores (Rs 3.50 crores).
- **Larsen and Toubro** has fared well during the first nine months of the current year. Sales increased to R 373 crores (Rs 323 crores) and order booking was higher by 32 per cent at Rs 532 crores. The order backlog is placed at Rs 602 crores.
- **Warner Hindustan** has reported poor results for the six months ended 30 June. Sales dropped to Rs 14.97 crores (Rs 18.12 crores) and gross profit to Rs 1.49 crores (Rs 2.36 crores). The net profit during the period was Rs 71 lakhs (Rs 1.02 crores).
- **Mangalam Cements**, in the first six months of the current year, has reported lower sales of Rs 15.39 crores (Rs 16.28 crores). The gross profit declined to Rs 1.50 crores (Rs 1.55 crores) and net profit to Rs 47 lakhs (Rs 56 lakhs).
- **Otis Elevator** has posted sales of Rs 23.68 crores (Rs 24.58 crores) during the six months ended 31 May 1987. The gross profit was lower at Rs 3.17 crores (Rs 3.82 crores) and the net profit marginally higher at Rs 1.61 crores (Rs 1.52 crores).
- **Sundaram Finance** has declared a 40 per cent dividend for the first quarter ended 31 March 1987. During the three months, hire purchase payments increased to Rs 21.05 crores (Rs 20.98 crores). Total income was placed at Rs 8.75 crores and post-tax profit at Rs 1.15 crores (Rs 2.67 crores).
- **National Peroxide** has proposed a dividend of 30 per cent for the year ended 31 March 1987. Sales increased to Rs 13.46 crores (Rs 9.37 crores) and gross profit is higher at Rs 4.16 crores (Rs 3.60 crores). After depreciation of Rs 35 lakhs and taxation of Rs 1.30 crores, the net profit is Rs 2.51 crores (Rs 2.09 crores).
- **India Steamship** has once again skipped the equity dividend for the year ended 31 March 1987. According to preliminary estimates, the company has a net deficit of Rs 3.49 crores for the year. The net accumulated deficit stands at Rs 57.46 crores.
- **FGP** has announced a dividend of 20 per cent for the year ended 31 March 1987. Sales registered a 16 per cent increase to Rs 23.30 crores (Rs 19.70 crores). The operating profit was placed at Rs 6.11 crores (Rs 5.12 crores) and after providing for interest of Rs 76.64 lakhs, depreciation of Rs 1.01 crores and taxation of Rs 1.46 crores, the net profit works out to Rs 2.89 crores.
- **Remington Rand of India** has proposed an equity dividend of 18 per cent for the year ended 31 March 1987. According to preliminary estimates sales declined to Rs 18.90 crores (Rs 19.06 crores) and pre-tax profits to Rs 2.02 crores (Rs 2.31 crores). The net profit was Rs 95.32 lakhs (Rs 1.05 crores).

Miss Baptista,
custodian of the office
antique collection.



PERHAPS the switchboard isn't quite as ancient as Miss Baptista. But it's a relic of the forties all the same. And has no business being around in this day and age.

Unfortunately, some of India's most modern offices have communication systems that are hopelessly out of date.

If yours is anything like the one above, it's high time you pensioned it off.

And made way for the very latest electronic system.

An intelligent system that handles your intercoms as well as your telephone lines.

Come on, Miss Baptista... smile!

Let's take a brief look at how an electronic system makes

a better woman of Miss Baptista.

First, people can make their own calls directly. So the pressure on her is more than halved.

She can concentrate on incoming calls and answer them swiftly.

Every time she does dial a number, it's displayed on the LED console. So wrong numbers can be checked instantly.

And instead of struggling with wires and switches, all she has to do is press a few buttons.

So all things considered, there's less chance she'll bark at your most important client.

Pyramid power

Elsewhere in this series of advertisements, we'll talk about the other advantages of an electronic system.

But for now, we'd like to tell you why it should be a Pyramid.

Most important, Pyramid grows newer the longer you own it. As our R&D team creates more and more features, you can keep adding them on easily.

But we realise that features make sense only if your staff knows how to use them.

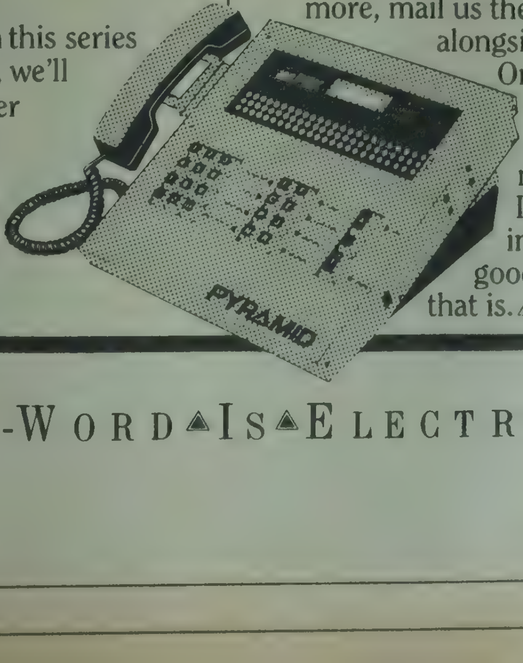
So when we instal your Pyramid, we also instal an expert in your office. To teach every employee how to make full use of the system.

He'll be on the spot to sort out any teething problems the system might have.

And keep dropping in regularly to give it a once-over.

If you'd like to know more, mail us the coupon alongside.

Or ask Miss Baptista to get you our number. If she's in reasonably good humour, that is.▲▲▲▲▲▲



Name ____________________

Organisation ____________________

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Address ____________________

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____________ Tel ____________

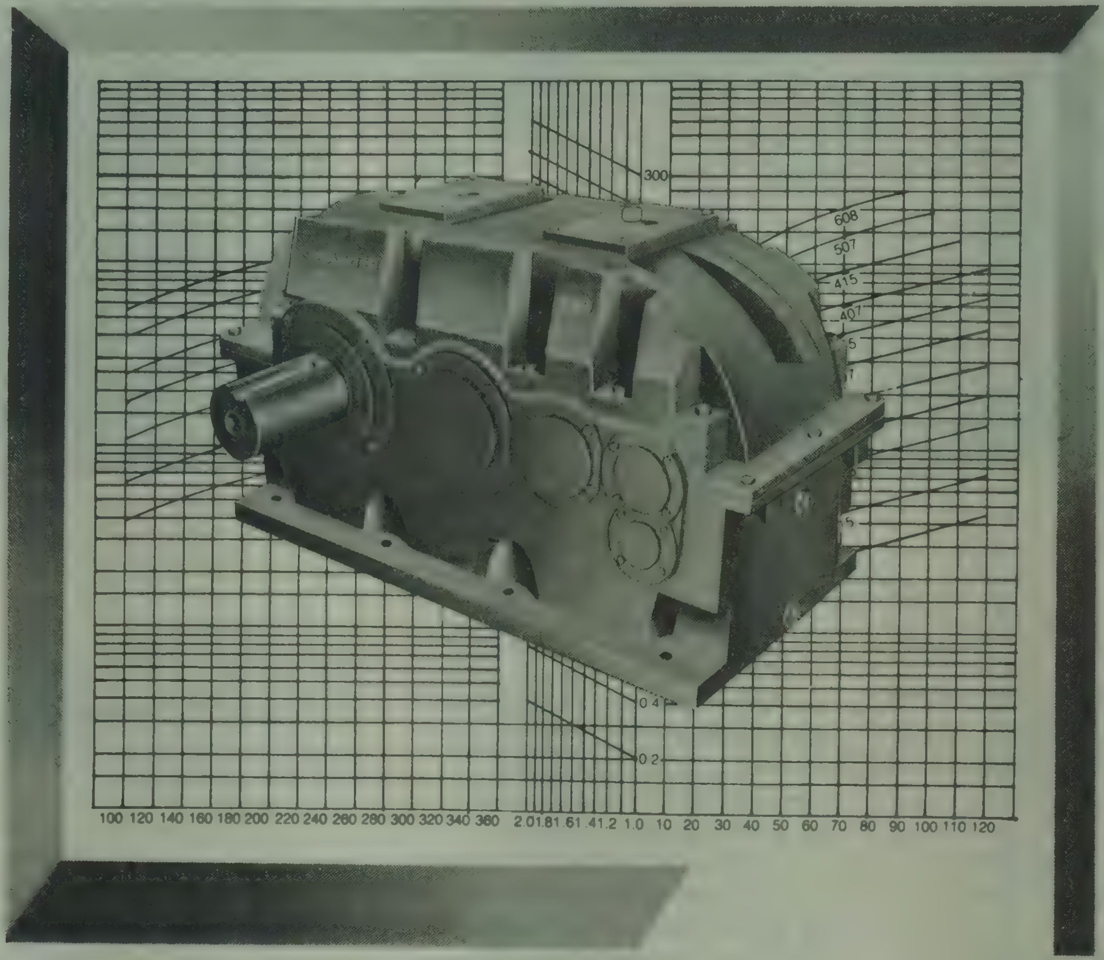
The Arvind Mills Limited
(Electronics Division)
16-B/1, Sarosh Apartments
Dr. Ambedkar Road, Pune 411 001.
Tel: 26707. Grams: PYRAMID
Tlx: 0145-333/505 MCCI
C/O. ARVIND MILLS.

THE▲BUZZ-WORD▲IS▲ELECTRONICS

PYRAMID
COMMUNICATION
SYSTEMS

Trikaya.AMCS.1.87

Profitability curves every engineer ought to study



Profitability is often an index to performance. The performance of a basic, yet essential component, gear drives—an integral part of power transmission which determines industrial profitability profiles.

Take helical gear reducing boxes.

Shanthi Gears Limited manufactures a wide range of helical gear reducers. They are available in single, double, triple and quadruple stages. Based on modular concept, these gear boxes are computer designed for maximum load capacity. Gear ratios, centre distances and shaft sizes are standardised to meet requirements for the R20 series of the ISI.

The gears are case hardened and profile ground. And are made from quality alloy steel that undergoes special heat treatment to achieve superior microstructure and uniform hardness.

Here are some more reasons why Shanthi gear reducers are so popular:

* Shafts supported by ample capacity spherical/taper roller bearings.
* Wide range of size, ratio and h.p. ratings.
* Ample cooling offered by increased area in the gear casing design and oil bath.
* Positive splash/forced feed lubrication.

Insist on Shanthi whenever you buy gear boxes.

Shanthi
Turning the wheels of industry

Shanthi Gears Limited.
304-A, Trichy Road, Singanallur
Coimbatore 641 005
Phone: 872741 (5 lines)
Grams: SANTHIGEAR
Telex: 0855-375 GEAR IN
0855-302 SALE IN

MAA (S) SHANTHI 2A86

Market News

Stockmarket review

Investors still shy

(Period under review: 20 July 1987 to 31 July 1987)

Political uncertainty was reached with the Congress I's candidate winning the presidential election held on 24 July. After this date, the market was less volatile. Although institutions continued to support the stockmarkets through the fortnight, there was sustained bear covering in certain well performing scrips which led to price rises that were unrelated to institutional support. In particular, the prices of Asian Paints, Colgate and Tata Steel rose sharply. The appointment of N. D. Tiwari as finance and commerce minister aided market buying, while corporate reports reflected an improving trend in economic performance. On the dark side, the monsoon remains a letdown and this is sure to adversely affect demand for the products of several important industries in the months ahead. Long term buying activity remained low, with most transactions being made for the shorter-term.

Hard to assess. The Indian political scene hasn't been dull since the advent of Rajiv Gandhi. Stockmarkets — ever sensitive to information, real or rumoured — have been very volatile of late as a result. Sometimes, however, the increased flow of information can make it difficult — even for marketmen to assimilate its impact on the capital markets. There is just too much hard news these days. The difficulty arises not simply from institutional buying, which has distorted the understanding of events, but because too much has happened in too short a time.

Normally, one would expect the news we have heard in the last two weeks to be spread out over a year — the news of Amitabh Bachchan's resignation as an MP; Arun Singh's and K. K. Tewari's resignations from the cabinet; V. P. Singh's expulsion from the Congress; the results of a critical presidential election; N. D. Tiwari's appointment as finance and commerce minister; a Sri Lanka accord spiced with an attempt on the prime minister's life. Yet all this happened in a fortnight, and marketmen had a difficult time assessing the economic impact of each piece of news. The jobbers and traders on the floor of the Bombay stock exchange (BSE) kept adjusting prices with each change in news — there was clearly a lot of confusion about which way the market would go.

Not surprisingly, stock prices through the fortnight went on a roller-coaster ride. The historian Gibbon would not have been pleased with the sequence of events because each rise succeeded each fall. The rise also exceeded the fall, resulting in a net rise of about two per cent over the fortnight, with *The Economic Times* (ET) all India index of share prices rising up to 254.4 at the close of trading on 31 July.

Thursday buyer. The Unit Trust actively bought shares, especially on Thursday, 24 July. Thursday outght to be renamed "UTI day" or "Mastershares day", given that UTI tends to buy more on Thursday than on any other day of the week and given that the mastershares' weekly net asset value (NAV) is calculated on the basis of every Thursday's closing prices.

However, the sharp rise in the prices of some scrips was quite unrelated to institutional support or corporate performance. Colgate Palmolive, for instance, rose from Rs 362.50 to Rs 410 over the fortnight. This was because the sanctioning of bonus by the Controller of Capital Issues forced short sellers to cover their holdings before the share went ex-bonus over the weekend. Another share that has been heavily short sold of late is Asian Paints. The likelihood of early sanctioning of bonus is probably why the scrip rose sharply over the fortnight from Rs 222.50 to Rs 233.75. Scindia Steamship also rose sharply from Rs 3.50 to Rs 5.50, with a mid-fortnight high of Rs 7.75. More about that later.

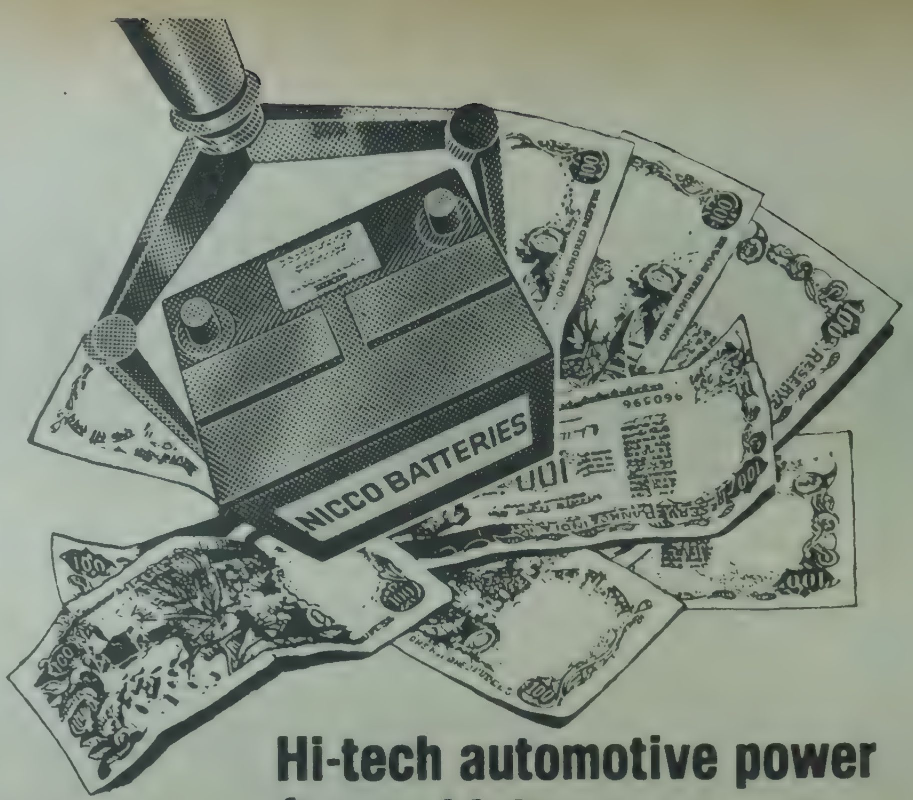
The new finance and commerce minister N. D. Tewari has a difficult job ahead of him. As finance minister, he has the responsibility for ensuring that the budget deficit does not exceed its projected level of Rs 5,688 crores from last year's level of Rs 8,285 crores. He has to do this without reducing growth. Already, Plan and non-Plan expenditures are to be cut by Rs 20,000 crores for the current year (a cut of 33 per cent) in an attempt to reduce the deficit. Adding to the deficit side of things is the high level of expenditure expected to be incurred on relief works because of a poor monsoon, the cost of a peacekeeping force in Sri Lanka and an unexpected rise in the oil import bill by Rs 1,500 crores this year.

Results improve. Corporate results last fortnight showed an improved trend. Eskayef continued its excellent performance, showing an increase of 25 per cent in profits after tax for the first six months of the current year. Raymond Woollen showed a 50 per cent rise in annual profits after tax, and rewarded its shareholders with a one for one bonus, in addition to a rise in dividend from 22 to 25 per cent. Tata Chemicals blew its usual trumpet of having had a record year, but the results were disappointing with profits after tax increasing by only five per cent to Rs 22 crores. The terrible drought in Gujarat is sure to adversely affect its functioning this year as well. Hindustan Development Corporation announced excellent six monthly results, with profits after tax at Rs 3.9 crores against a loss of Rs 30 lakhs during the same period last year. Orkay's operational performance was worse than the previous year, but thanks to a lower interest and tax burden, the company was able to announce satisfactory post-tax results. Bombay Dyeing was the star performer of the fortnight; its DMT unit, which many expected to be the weight that would sink the company, has been the anchor of support that has enabled the company to report a more than two fold increase (on an annualised basis) in profits after tax and a corresponding rise in dividend. S.I. Viscose, one of the country's two manufacturers of viscose staple fibre (VSF) announced a one for two bonus and a near doubling of profits after tax. Dividend was raised from 18 to 20 per cent. Surprisingly, the country's other manufacturer of VSF, Grasim Industries, announced disappointing results, with profits after tax down

Fertiliser scrips drop

(Rs)

Scrip	Price as on 17 July	Price as on 31 July	Per cent change
Deepak Fert	37.50	36.50	— 2.7
GSFC	109.00	98.00	— 10.1
GNFC	42.00	35.50	— 15.5
IEL	65.00	54.00	— 17.0
Mangalore Chem	30.50	24.00	— 21.4
SPIC	46.00	40.00	— 13.1
Zuari	70.00	65.00	— 7.2
ET index	**249.1**	**254.4**	**+ 2.1**



Hi-tech automotive power from a high-return venture. NICCO BATTERIES.

Yet another blue-chip investment opportunity.

On a 20,350 square metre site at Surajpur, in Uttar Pradesh, Nicco Batteries prepares to meet the challenge of the automobile boom in India — backed by a marketing agreement with co-promoter Crompton Greaves, a company with a time-tested sales and distribution network in the field of electricals.

Nicco Batteries is located strategically in the heart of the country's major battery markets, and in close proximity to major automobile manufacturers. And what's more NICCO and Crompton Greaves have already made a commercial arrival with two-wheeler batteries.

Technology beyond compare

The know-how for Nicco Batteries comes from Globe International (USA) the world's largest manufacturer of automotive batteries.

With as many a 17 manufacturing facilities in the USA, and with a total annual output of 22 million batteries accounting for a turnover of US $ 1.3 billion, Globe International has revolutionised the very art of battery technology.

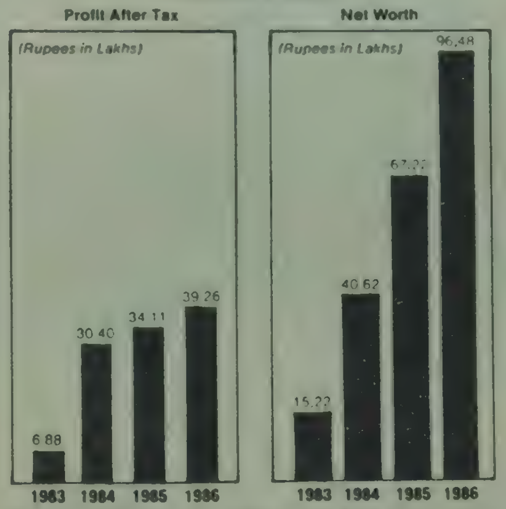
The biggest names in the automobile world have Globe International as their Original Equipment supplier — Chrysler, Ford, American Motors, Jeep, Ranault and Nissan, to name just a few. And Globe International has helped manufacturers produce top performance batteries in 79 countries throughout the world.

Promoters par-excellence

Nicco Batteries' Rs 8.5 crore project is promoted by one of the most dynamic members of the Nicco family — Furmanite Nicco Limited, a pioneer in Industrial Leak-sealing Services in India, and a company with an outstanding record in terms of operating performance.

In 1987, Furmanite Nicco's gross profit amounted to approximately Rs 1.15 crore. And having issued bonus shares in 1984 in the ratio of 1:1, the company repeated the performance in 1987 with bonus shares in the same ratio. In 1986, the company declared a dividend of 50%; in 1987 it has already declared an interim dividend of 25% and is expected to propose a final dividend of 18.75% on the enhanced share capital. As on April 30, 1987, the company's share capital stood at Rs 40 lakhs, and reserves at Rs 86 lakhs.

FURMANITE NICCO



Even as Furmanite Nicco stakes its proven reputation on Nicco Batteries, it draws upon the resources of co-promoters — Crompton Greaves Limited and the Pradeshiya Industrial & Investment Corporation of Uttar Pradesh Limited. Together, these three promoters along with technical and financial collaborators Globe International account for 51% of the equity share capital.

HIGHLIGHTS

- ☐ **Financial and Technical collaboration with Globe International (USA) — the world's largest manufacturer of storage batteries.**
- ☐ **Short gestation period — commercial production commences in early 1988.**
- ☐ **High commercial viability through a marketing tie-up with Crompton Greaves Limited.**
- ☐ **Promoted by Furmanite Nicco Limited — a company with an outstanding financial track-record, having declared two Bonus Issues in six years.**
- ☐ **Co-promoted by Crompton Greaves and the Pradeshiya Industrial & Investment Corporation of Uttar Pradesh (PICUP).**
- ☐ **Nicco Batteries — backed by superior technology from Globe International (USA).**
- ☐ **All critical equipment, plant and machinery being imported from the USA.**
- ☐ **Easy liquidity — Listing at Kanpur, Calcutta, Bombay and Delhi Stock Exchanges.**
- ☐ **80 CC obtained. Other usual Income Tax/-Wealth Tax benefits.**

Issue of 15,00,000 Equity Shares of Rs 10/- cash at par.

Issue Opens On: August 10, 1987

Managers to the Issue :

SBI Capital Markets Limited

The Industrial Credit
and Investment
Corporation of India Ltd.
Merchant Banking Division

CANBANK
FINANCIAL SERVICES LTD.
CALCUTTA

Advisors to the Issue :

Indian Bank
Merchant Banking Division

Hambro Nicco
Financial
Services Ltd.

NICCO

Nicco Batteries Limited

Regd. Office : Plot No. B-9, UPSIDC Industrial Estate,
Surajpur, Phase II, Tehsil Dadri, Uttar Pradesh.

Hi-tech, high diversity Nicco Family

SOBHAGYA/NB4/87

from Rs 20 crores last year to Rs 8.6 crores. The poor results are all the more surprising because the average price of VSF has risen by about 30 per cent over the past year and Grasim's output has also risen by over five per cent for the year.

Fertiliser scrips moved against the general rising trend because of a bad monsoon to date and a (probably related) lack of institutional support (see table).

NRI proposal. The shares of Scindia Steamship, which had been depressed for several months were propped up by a non-resident Indian's proposal to fund the rejuvenation of the company. The board of directors of Scindia, which seemed surprisingly cold to the idea at first, has yet to approve the proposal. The share price has responded to the NRI proposal, warming up from three above zero to almost eight above zero, before settling down at the end of the fortnight to five and a half.

The government has decided to set up a council for the securities industry in January 1988, as was proposed in the last budget. The council will have appellate authority and powers to initiate civil and criminal proceedings.

Meanwhile, the government is reported to be seriously studying a proposal (made by the presidents of stock exchanges at their joint meeting on 25 June) that favours the compulsory issue of bonus shares to help raise stock prices. In fact, if such a scheme is introduced, it will completely destroy any beneficial effect that bonus issues currently have on share prices. This is because a company issues bonus shares when it thinks it can service them with increased earnings per share and dividends. If a company is forced to issue bonus shares to the extent of its free reserves, there will be no way for the market to learn about the company's expectatons of future earnings, so that the announcement of bonus shares will have no informational value whatsoever and no beneficial effect on prices.

The volume of trades has risen in the last fortnight and stock prices are closing in on the pre-budget highs. However, volume is still less than a third of pre-budget volume which means that long term investor interest is still missing. Another indicator of the absence of investor interest (apart from the strong demand for company deposits mentioned in the last issue) is the lack of buying support for shares which are not going to announce their annual results in the near future. Thus, shares like Hindustan Cocoa and Lipton, which are still a few months from announcing their results, are lightly traded, and trading activity is concentrated on shares of companies that have recently announced, or are about to announce, their annual results, such as Indian Rayon and Orkay. This is a departure from market behaviour during the pre-budget period, when buyers were willing to buy good shares and wait a while for the results. This suggests that genuine investors are still shy and speculators are dominant. The latter group's main preoccupation these days is to outguess UTI's buying decisions. So the stockmarkets are yet to regain health and lasting vigour.

RAFIQ DOSSANI

Fixed deposits

Happy days!

Over the last few months, there has been great curiosity in market circles about where investors are choosing to put their money — its not going to the stockmarket, by all indications.

Total capital issues in the form of shares and debentures in the 12 months ended June 1987 reached Rs 4,546 crores (an increase of 70 per cent over a year ago); but this figure is misleading. What it conceals is that capital issued during the first half of 1987 was lower at Rs 1,367 crores (18.9 per cent) compared with Rs 1,671 crores in the first half of 1986.

Also, a few public sector units accounted for a hefty 44 per cent (Rs 2,016 crores) of the increase in floatations in 1986-87. But the private sector companies raised only 10 per cent more capital than in the previous year.

More through FDs. Merchant bankers speculate that the corporate sector is mobilising more resources through fixed deposits. Says Rikeen Dalal of H. L. Financial Consultants, a large fixed deposit brokerage house, "There is increased activity in the fixed deposit market. In May, Hindustan Lever raised Rs 24 crores of fixed deposits in just 21 days." (and it has raised Rs 30 crores to date). GNFC's current issue proposes to raise Rs 35 crores. Other high fliers who are currently tapping the deposits market are Reliance (with an issue of Rs 108.60 crores), Zuari Agro (Rs 22 crores) and Orkay (Rs 24.12 crores).

Companies are pleasantly surprised that a one point reduction in interest rates on deposits effective from 1 April 1987 has not put off investors. Says H. L. Mundra, treasurer of Hindustan Lever, companies with a sound balance sheet offered interest rates below the ceiling rates. "But after the reduction in interest rates from 1 April, we decided to offer the maximum rates allowed, to be on the safe side." Mundra adds that now that Hindustan Lever has given the maximum permissible interest rates, "other companies would have to follow suit."

However, companies like Hindustan Lever, which can raise more than Rs 1 crore a day for the asking, are an exception. For instance, leasing companies, perennially strapped for cash, have not been able to make a significant dent in the fixed deposit market. According to Ajit Ambani of DSP Financial Consultants, people who invest in fixed deposits tend to be more conservative than equity investors. "Fixed deposit holders see leasing companies using a major portion of their financial resources in creating assets, while the primary objective of fixed deposits should be to meet working capital requirements," he says. According to Ambani, "Leasing companies essentially borrow short and lend long, which scares off many investors."

Scramble for investors. Consequently, leasing companies are battling it out in the market. They offer several incentives such as passing on of the brokerage fee to depositors, personal delivery of interest warrants, and special gifts, according to the amount deposited. These incentives hike up the cost of raising fixed deposits for leasing companies.

While raising fixed deposits may be expensive for leasing companies, fixed deposits are among the cheapest sources of funds for others. According to Mundra, the cost to the company of servicing a fixed deposit over three years is around 14.75 per cent pre-tax, while debentures and bill finance cost around 15.5 per cent.

Fixed deposits offer companies several advantages over debentures. Unlike debentures, deposits are unsecured and no charge on the company's assets has to be created — in itself a cumbersome process. Moreover, companies have to set aside specified sums for the redemption of debentures after three years. This is a post-tax allocation and in a bad year can put pressure on the distributable profits of the company.

Minimising risk. According to Ajoy Bijapurkar of H. L. Financial Consultants, even though deposits are unsecured, if a depositor diversifies his portfolio adequately the risk element can be minimised. (There is an element of risk as once reputed companies like Calico and M.M.C. have defaulted on interest of payments.)

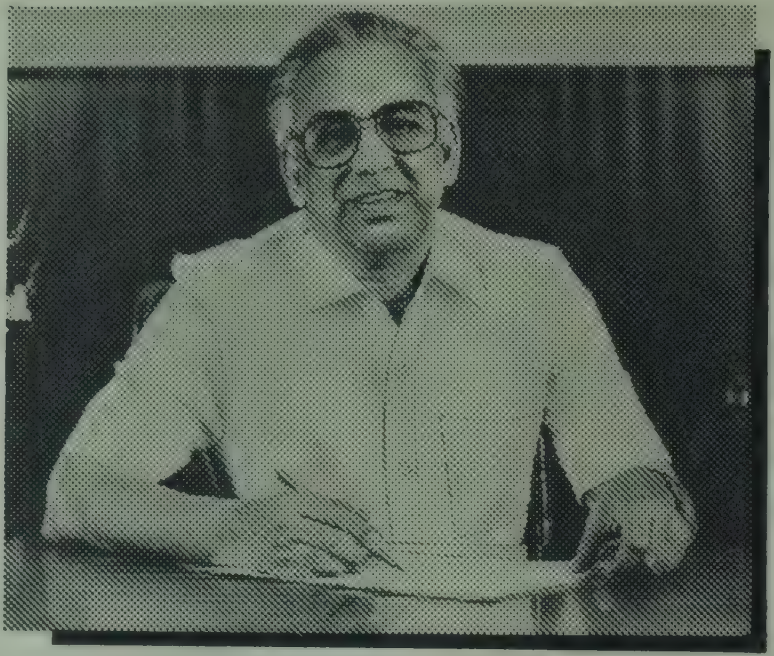
According to merchant bankers, holders of fixed deposits are a separate class of investors. They are normally above 45 years of age and want a steady, reliable source of income. In contrast, the equity investor belongs to a younger age group and is willing to make 'high risk-high reward' investments.

Today, with the uncertainty prevailing in the stockmarkets, shares are a high risk proposition for many investors. So fixed deposits are likely to be a reliable source of funds for companies.

EAPEN THOMAS

MARUTI UDYOG LIMITED

Speech delivered by Shri V. Krishnamurthy, Chairman at the Sixth Annual General Meeting of the Company, held on 20th July, 1987.



I am happy to report another year of excellent performance by your Company. The Company achieved a turnover of Rs. 630 crores which was 120% more than in the previous year. A total of 80,150 vehicles were produced against a Project Report target of 60,000 vehicles. The vendor development programme made further headway, and the Company was able to meet the indigenisation targets. Sales network of the Company was further strengthened. A total of 66 dealerships and 117 MASSs (Maruti Authorised Service Stations) have been established through the length and breadth of the country.

PROJECT COMPLETION:

During the year, a major portion of the second and final phase of the Project, as originally planned, was completed. Installed capacity of the welding, painting and assembly shops was raised to the level of 100,000 vehicles per year.

A second press line was added for the stamping of large body panels and the Press Shop was brought into full production. A most modern machine shop was set up for the machining of engine and transmission parts, the camshaft, crankshaft, transmission case, cylinder head and cylinder block. With the start-up of the Machine Shop, the in-house contribution to indigenisation has gone up to over 20 percent. The monthly production level surpassed the rated capacity during the year. Another major achievement during the year was the completion and starting of one of the best designed canteens in the country which we have built for our employees. It has a seating capacity of 1200 and is equipped with the most modern equipment for cooking and washing.

GOALS AND ACHIEVEMENTS:

The first Maruti car was released by the late Prime Minister of India, Mrs. Indira Gandhi, on 14th December, 1983, within the target date which we had set for commencement of production and release of vehicles. That was our first major achievement. Since then Maruti has crossed many milestones and has in a way, come to play an important role in the nation's economy. When we began production in 1983, we had set five goals for ourselves. They were:

- achieve a production volume of 20,000 in 1984-85; 40,000 in 1985-86; and gradually increase to 100,000 in 1988-89;
- achieve the phased indigenisation programme committed to the Government;
- achieve break-even, even in the first year of operations, namely, 1984-85, and if possible make a small profit;
- achieve the quality standards of our Japanese collaborator in all our operations and offer vehicles to Indian customers which are as good as Suzuki's, even after indigenisation;
- achieve the cost standards of our Japanese collaborator and keep the cost of Maruti vehicles low.

When these goals were set, every employee of the Company was conscious of the challenge of building a new Company from its foundations, raising its status in the industry, and establishing productivity and quality standards which others would seek to emulate.

A concerned effort made by all members of the Maruti family enables me today to present before you a factory performance.

Production: Maruti was exceed production targets every y In 1984-85 a production of 22,37 cles was achieved. In 1985-86, 51 vehicles were produced, 129% of target. 1986-87 saw production a of target. It is now expected that production target of 100,000 vehi would be reached in 1987-88, one in advance.

Indigenisation: Though i genisation was lower than the tar during the first two years, the Co pany was able to meet the phased manufacturing programme target 1986-87, and is confident of achie planned target of indigenisation b 1988-89.

Profitability: Maruti has a small profit every year though Maruti's Project Report had proj losses upto 1987-88.

Quality: Maruti has been su ful in achieving a high level of qu in all its operations.

Price: Maruti has made ever effort to reduce costs and has incr productivity levels every year, eve though the final price of the prod could not be kept low, because of multitude of extraneous factors, l the Yen-Dollar appreciation with respect to the rupee and the burd rising levels of duties and taxes.

ORGANISATIO BUILDING — T KEY TO SUCCE

A number of factors have co tributed to our success: th selection of the right prod and right technology; close rappo with our collaborator, Suzuki Mo Company of Japan; installation o plant and machinery on time and within budgeted costs, full suppor from vendors and dealers and coo tion and guidance of the Governm One factor, however, that has sto above all these factors, has been o ability to build a strong and effect organisation, capable of meeting c lenges and producing good results

Maruti has truly been an exper in organisation building. Many ne concepts have been tried and nove practices introduced. Wearing of a common uniform, eating in a com canteen, the discipline of coming t work before time, morning calisth and open offices are some of the p ces which have been introduced. T and other measures which have b taken, have been aimed at strengt ing the identification of employees the Company, building team-spiri improving communications. Each employee is, thus, motivated to co tribute his or her full potential tow achieving the goals of the Compan

PROVING
IE QUALITY
' WORK:

ur continuing endeavour will be
to further build on our
organisational strengths. Pro-
n of a positive attitude in every
yee and improving systems and
unications will continue to be the
ty tasks. As one more step in this
ion, we have intensified the Qual-
rcle movement in the Company.
dy the Suggestion Scheme which
nplementary to the QC activity,
voked a tremendous response. In
87, a total of 15,469 suggestions
been received from an average
oyee strength of less than 3000
ns. Over 300 Quality Circles have
voluntarily formed by employees
here is lively and enthusiastic
ipation.

STEMS
EVELOPMENT
ND COMPUTE-
SATION:

sound foundation in systems
and computerisation is a
pereequisite to efficient opera-
in the modern business. Right
the beginning, we laid a great
asis on developing systems for
of our operations; be it produc-
sales, service, spares management
ance. Most of these systems have
been installed and are compute-
It is because of the extensive
uterisation which we have done in
r operations that we have been
o achieve high levels of productiv-
d quality of our operations. We
l continue to strengthen our cap-
in this area in the future to take
f the increasing complexity of our
tion as we diversify our products
narkets.

IORITIES FOR
IE FUTURE:

ith the strengths we have
built in the Company, we can
look at the future with confi-
. The task in front of us is to
r consolidate our position as the
t leader in the auto-industry. The
t is likely to become more and
competitive as others in the
try modernise their own opera-
To meet the increasing competi-
we would have to further streng-
he quality of our products and
nd after sales operations. This
mean strengthening our in-house
ering capability, engineering and
ction capabilities of our vendors
fectiveness of our sales and after
etwork.

STRENGTHENING THE VENDOR CAPABILITY:

Maruti engineers have to ensure that all Maruti products are designed and manufactured to international quality standards. While we will continue to depend upon our collaborator — Suzuki Motor Company of Japan for the overall product designs, we may have to build our engineering strength in designing some of the individual components which may have to be modified to meet the Indian customer needs. However, the most important task before our Engineering Division must be to extend full support to our vendors to help them indigenise various components to Suzuki standards of quality, with high productivity and cost control.

A massive effort must be launched to introduce a brand new work culture to all our vendors. Some of the techniques that have been successful in Maruti must be extended to our vendors also. Notable amongst these are Quality Assurance, Statistical Quality Control, Small Group Activity, Quality Circles, Suggestion Scheme etc.

It has been our experience that technology is not transferred or absorbed through paper documentation alone. It is vital that the workers, supervisors, engineers and all other employees must learn the spirit and skills of their collaborators. Technology transfer on the shop floor from the collaborator's personnel to our own people is much more important than all the drawings and documentation. Suzuki people did a remarkable job of teaching our people. We must now ensure that the same is done to our vendors. It is not enough if Maruti achieves technical excellence on its shop floor. We will succeed only if our vendors also achieve the same standards of technical excellence.

Some effort in this direction has been made. Maruti has tried to bring about a new relationship between Maruti and its vendors, emphasising closer cooperation for mutual benefit. Maruti on its part offers will support in terms of technical information, assistance in technology transfer, loans for toolings and other technical and managerial help. Similarly, the Company is one of the quickest in making payments for supplies. We would also like to further strengthen our links with vendors who have been performing well. We would like to see these vendors grow into large corporations, producing components not only for the domestic industry but for the automobile industry worldwide.

Over time we must develop an ancillary industry near to the factory. Already several joint venture units have come up and we would seek to set up more units with our better vendors closer to the factory.

STRENGTHENING THE MARKETING, SALES AND AFTER SALES CAPABILITY:

Over the last few years, the automobile market in India has expanded rapidly in size. The customers are becoming more discerning and conscious of their rights as buyers, and are demanding the best value for their money. Responding to the changing scenario almost all manufacturers have also upgraded their product range and have plans for adding to them. Clearly the auto-industry in India is moving from a sellers market to a buyers market.

If we are to succeed in the changing environment, we would need to have a better idea of who our customers are, what they do, and how they use our vehicles. We have to reach out to these people and convince them of the superiority of our vehicles. Even though we offer a wide product range, our products have not been sharply focussed. For example, we need to promote Gypsy as an off-road vehicle, excellent for rough terrains, high altitudes, police and para-military applications; a tough vehicle which can be used for any industrial and commercial purposes. The van needs to be focussed as a multi-use vehicle which can be used as a family vehicle, a semi-commercial vehicle, school bus, ambulance, delivery van, postal van etc.

Similarly, there is a need to underline the importance of our after sales service. Just like in any consumer durable business, the cutting edge of competition in the auto-business is the after-sales-service. We simply cannot forget that we are not in the business of selling cars. We are selling to our customers a long term commitment to take care of their needs for transport, efficiently and economically —a complete package of the "product" and "after-sales-service". So far our dealer network has done commendable work in offering this package to our valued customers, given the fact that we are less than four years old in the market and have already reached more than four times the sales volumes of other car manufacturers in the country. But, if we are to reach international standards in the quality of our after-sales-service, we need to further step up our efforts in this direction. We need to further strengthen our after sales service network in the smaller towns and in the hinterland of the country. We are committed to provide high quality service within close reach of all our customers. We will also have to plan for new products. Maruti has submitted a proposal to the Government for a 3-Box, larger sedan car with an engine capacity of 1000 cc. A market survey has indicated a large market potential for this kind of car in our country.

EXPORTS:

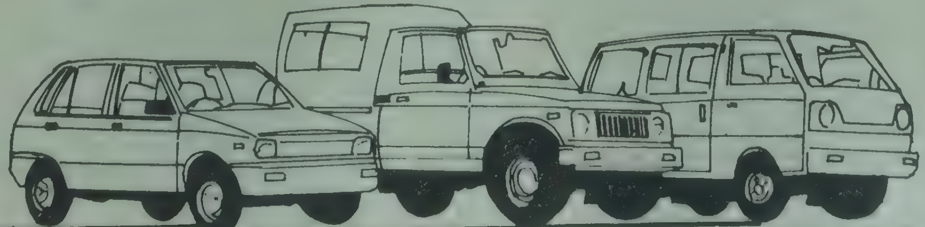
On the export front, Maruti has achieved some initial success. The Company has signed an agreement with Hungary for sale of 500 -5,000 cars per year for the period of next 5 years. Repeat orders have been received from Bangladesh and Nepal. A number of enquiries have come from many other countries in East Europe, Africa, South America and South East Asia. However, if we are to compete for larger shares of export markets, we would need to further step up our quality levels and exercise a tighter control over costs.

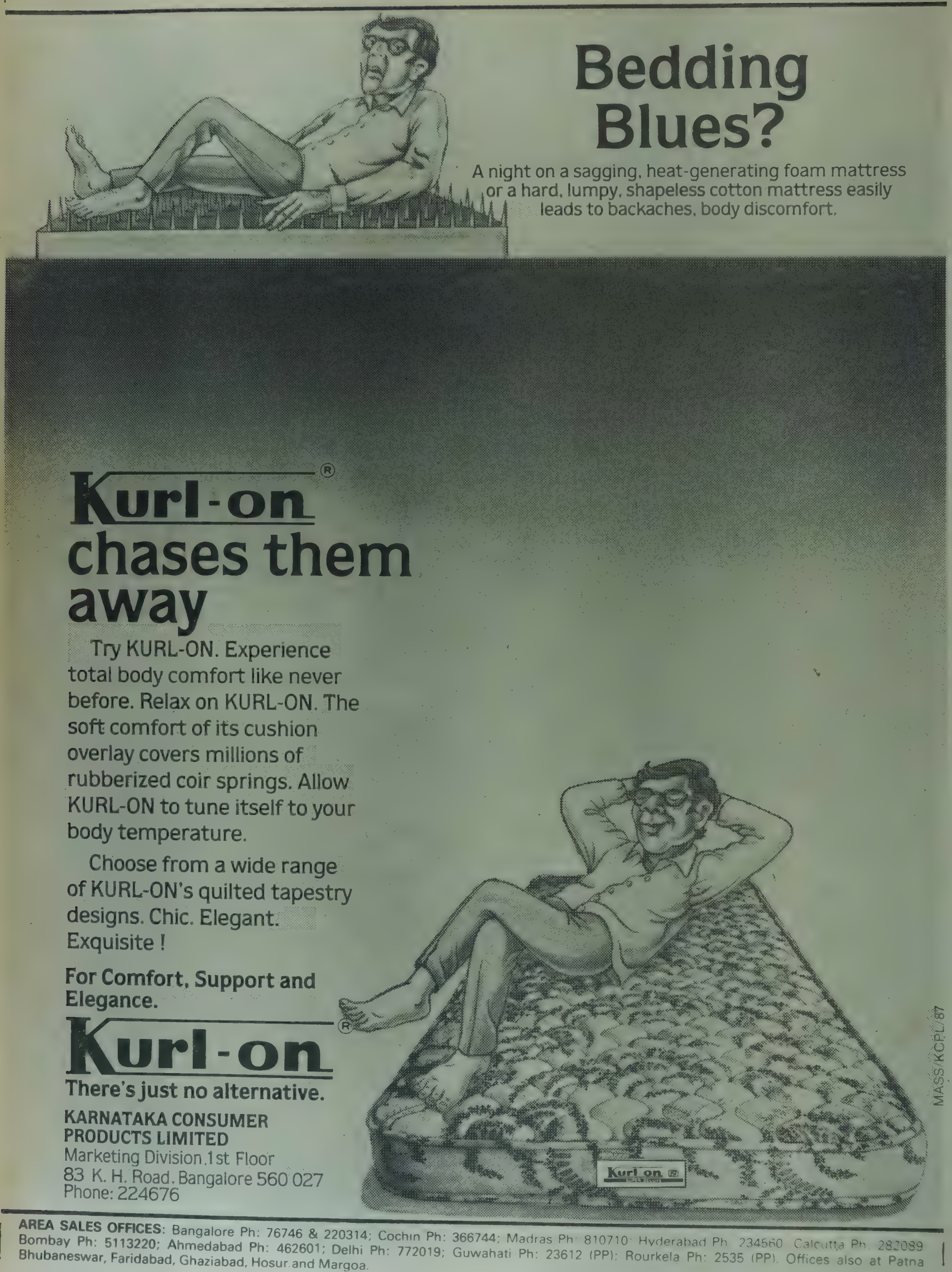
VALUE FOR MONEY:

Eventually, Maruti Udyog along with its associated concerns, should come to be known as a group which produces high quality products, gives the best value for money and lives up to its promises. Though not an easy task, it is well within our reach if we consciously build on our past strengths and make all efforts to constantly improve in every sphere of our operations.

(This does not purport to be a record of the proceedings of the Annual General Meeting.)

MARUTI





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Diary of a Merchant Banker

July 26, 1987, The Sanctuary

We were sitting in yogic postures, gazing at cows grazing in the vicinity. I had just completed a course that required me to keep silent for 48 hours. Not only were we not allowed to talk, but we were not allowed to write, touch, or even use our eyes as a way of communicating with the others.

"How do you feel?" asked the Swami.

"Strange. I feel that I have been out there in that hut in isolation for years and, yet, at the same time, I feel that it has only been a few minutes."

"Yes, silence confuses not only the silent, but even those who are waiting to hear."

I looked at Swamiji but I did not find any hint of a political philosophy or leaning in his face. Swamiji, I was told, had once been a politician but he gave it all up one day because, the story goes, he could not be a part of the system. He then decided to learn how to read and write and now devotes all his time guiding his fellow humans through their trials and tribulations.

"Our ancient scriptures were also unsure about a cure for our problems. One school felt that you should go out in the forests and scream every day for one hour and that would let out all your frustrations. Have you ever heard of such nonsense?"

"Well, Swamiji", I replied, "I must confess that I belong to a profession that derives its living from the guttural screams of humanity. Though, the reason why they scream is not to let out their frustrations but to make money."

"Doesn't anybody use silence anymore?"

"Oh, no, Swamiji. Many people use silence very effectively particularly in my profession. When things are not what they are supposed to be, all of us keep quite and enjoy the monetary gains when we should be trying to protect the victims."

A glimmer of something remembered flickered across the Swami's face.

"Yes, I know that feeling. I was in that situation too many years ago. But everything can be rationalised and explained away. Take the case of Mahatma Gandhi. It is said that Gandhiji would never tell a lie. But even he admitted that if he were faced with a situation where a butcher was pursuing a cow and if that butcher were to ask Gandhiji whether he had seen the cow run past, Gandhiji would have denied it even though he may have known which way the cow had passed."

"You mean Einstein's theory of relativity could be extended to human behaviour?"

"Precisely," said the Swamiji, "everything is relative and it is all a part of a bigger goal Gandhiji may have lied to the butcher, but he did save the life of the cow."

"That is interesting. You mean, if one man keeps silent and if his silence upsets the country, he can still be forgiven if there is something he does at the end of the day which benefits the people?"

"No, my son," said the Swamiji ignoring the bait, "it means that if all your colleagues milked the people dry and caused a collapse in the stockmarkets in the hope of drawing concessions from the government, and if these concessions are valued at more than what people lost, they can all claim to be as honest as the Mahatma."

July 30, 1987, Bombay

"Every new opinion," wrote Thomas Carlyle, "at its starting, is precisely a minority of one."

Well, the pessimists and the *mandiwalas* who seemed to have ruled the roost for the good part of the last 12 months are finally running for cover. Even a few weeks ago, when the BSE index touched the much maligned 420 level (causing many academicians to note that the BSE index truly reflected the character of my brethren), the optimists were in a miniscule minority.

Now, however, the environment seems to have changed. There has been an all round increase in price levels which has been sustained and has that kind of inching-up-again tone to it. On the political front, the Sri Lankan accord may go the way of the Longowal one, but something seems to have been done finally and any failure will not be due to any lack of trying on India's part.

The domestic political scene, on the other hand, is still a bit murky but nothing dramatic is expected to emerge and the market is probably beginning to accept a change of leadership at the next polls in 1989.

The quality of journalism seems to have improved, what with reporters using the word "pragmatic" to describe the appointment of good men in yet another cabinet reshuffle. This, needless to say, encouraged the market. But, before you start call your broker and ask him to buy every single share in the market, words of caution.

Firstly, the security of the leaders and even the general public is in danger. Although, I doubt it has anything remotely to do with the fact that the new president was sworn in at the most inauspicious time of the most inauspicious day in the most inauspicious month of the most inauspicious year, it is highly regrettable that some sailor, undoubtedly affected by the strong, morning rays of the sun, should "faint" in the wake of the PM's highly successful visit. (The PM, considerate man that he is, did try to catch the unloaded gun before it hit the ground and caused another dent in the Sri Lankan military budget.) The stockmarket, to its full credit, took the incident in its upward stride and shrugged off the matter as a joke.

The second thing that could hold back any sky-is-the-roof movement in share prices, is the fact that most of our politicians seem to be praticing for the next wrestling season at the VPS — nothing to do with V. P. Singh, but to the Vallabhbhai Patel Stadium in Bombay — rather than getting any work done. The Capital Markets Commission needs to get its act together and implement many of the important G. S. Patel Committee's recommendations with directives from Parliament. And the banks are eagerly awaiting the modification to the Banking Act which will allow them to get the tax-free status for their mutual funds.

The biggest problem, though, could be the fourth consecutive failure of the monsoon. If the rains don't pour as expected over the next few weeks be prepared for a calamity and a sharp reversal in share prices back to the 420's — a reflection of their true character. The problem with these perpetual swings in share prices, though, is that they tend to divert attention from the issues involved — issues which need to be addressed quickly if the investors are to be drawn back into the game. So it really is about time that someone did something about the recommendations made by Patel and company.

August 7, 1987, London

The NRIs may not be pouring in their millions of pounds, dollars, and nairas into the Indian market but they sure seem to be attending conferences once again. The investors' conference went off pretty well, frankly. We did the usual stuff about how good the issue is and the bright prospects for the economy when this NRI, who resembled Billy Bunter, got up and asked us all sorts of questions regarding the stability of India.

"May I ask you, sir," queried Billy, "your reaction to the fact that for the first time in decades the international banks are categorising India as a political risk."

"Well," I replied, looking Billy straight in the eye, "there are problems back home, but we don't expect the country to go communist and neither do we know of any multinational companies that are withdrawing from India because of the political risk factor."

"But," persisted Billy, "don't you agree that there is a risk involved in investing in India."

The most irritating thing about these NRIs is that they begin to think like foreigners. Although we all know what happened to the classic statement, "Governments don't go bankrupt, corporations do", which was the basis for the massive Third World debt, I think it is about time that our government started a massive ad campaign with a theme that goes like this: "From the country which gave you civilisation, an opportunity to share in its future," etc, etc. □

Market Watch

Mutual funds

Dinosaurs among bulls and bears

The stockmarkets in India suffer from two serious handicaps. First, large individual speculators — changing roles as bulls or as bears at their whim and fancy — can play havoc with share prices. Second, the average investor — who manages to survive the dangerous traps of bull and bear operators — is virtually exhausted by the time they have overcome the frustrating hassles of getting the securities registered in their names. As a result, only the very brave dare a come back.

However, now, a new class of players — mutual funds — is beginning to emerge, which is hoped, will improve matters.

Last year, the Unit Trust of India launched first the India Fund for non-resident Indians, and then the Mastershare for resident Indians. This year, State Bank of India and Canara Bank are also expected to launch separately two more mutual funds for resident Indians. Many other banks are likely to next year. Besides, in due course, investment banking companies in the private sector may also be selectively allowed to promote mutual funds. The government is reported to have cleared the Birla-Warburg proposal for a mutal fund for non-resident Indians. Clearances for dozens of pending proposals may follow in quick succession if the initial experiments are successful.

The arrival of mutual funds has aroused high hopes. In all the developed stockmarkets of the world, institutional investors exercise far more influence than individual speculators.

Institutional investors are *generally* expected to act with greater responsibility and self-discipline than individual speculators. The activities of institutional investors are also easier to regulate. Institutional investors therefore play a very useful role in righting the imbalance often caused by individual speculators, and impart stability to stockmarkets.

In India, however, large and determined individual operators exercise substantial influence on the trend of share prices, because there are very few institutional investors. Whenever the bulls or the bears run wild, everyone expects help from the Unit Trust and a few other much smaller institutional players like the LIC and the GIC. The UTI deserves high marks for its support operations both to bulls and bears. However, very often, such operations call for a compromise on the objective of maximising returns. It is therefore unfair to repeatedly call upon a single dinosaur to subdue the unbridled bulls or bears whenever they go wild with speculative excess.

Individual investors can benefit from mutal funds in many other ways as well. If one is travelling through a jungle, there is a lot to be said for moving in a group under the guidance of someone trustworthy who knows the routes. The same argument holds good for investing in stockmarkets.

The concept of a mutual fund is very simple to understand. Investors pool their money in a fund which is run by professional managers. The fund managers invest the pooled funds in a wide selection of securities. Investors' contributions to the pool are divided into units. The value of each unit reflects the performance of the shares of the companies in which the pooled funds have been invested.

Investing in the stockmarket through a mutual fund has three major advantages over organising a personal portfolio of shares in a do-it-yourself style: spread of risk; benefit of professional investment managers' expertise; and reduction of paperwork.

Mutual funds are of two basic types: closed-ended and open-ended. In a closed-ended fund, a fixed number of shares are issued to investors, after which the shares are traded like any other security. UTI's Mastershare is an example of a closed-ended fund.

In an open-ended fund, shares are issued on an unlimited basis. These shares are not traded in the stockmarket. However, the fund stands ready to redeem the units offered by any existing investor or to sell additional units to any new entrant, at any time during the life of the fund.

An important yardstick for judging the performance of mutual funds is the net asset value (NAV). This represents the current market value of a fund's portfolio (net of liabilities, if any). When the NAV is divided by the number of shares issued, the result is net asset value per share.

The arrival of mutual funds has aroused high hopes. In all the developed stockmarkets of the world, institutional investors exercise far more influence than individual speculators. Institutional investors are generallly expected to act with greater responsibility and self-discipline than individual speculators. The activities of institutional investors are also easier to regulate

The stockmarket quotation of a closed-ended mutual fund like the Mastershare can be different from its net asset value. Normally the market price reflects the public's opinion of the fund's management and the balance between demand and supply for shares of the funds.

The shares of an open-ended fund are not traded in the stockmarket. An open-ended fund calculates its net asset value once each day or week, and offers its shares to the public at this price, plus a sales charge. It also offers redemption of its own shares at the same price, less a service charge.

In most countries, closed-ended funds are generally quoted below their net asset value. First, the demand and supply for the shares of a closed-ended fund may not be in balance. Excess supply can then depress market prices. In an open-ended fund, demand-supply balance is not critical as the fund is obliged to sell or redeem shares at the net asset value. Second, in a closed-ended fund investors are not aware of the composition of the funds portfolio. In an open-ended fund, they receive regular statements reporting on the progress of the fund, its portfolio holdings, expenses, investment policies, changes in management and other relevant issues.

The distinction between closed-ended and open-ended mutual funds is important. A closed-ended fund does not allow facility of entry or exit at the NAV. An investor can only sell his shares at the market rate. Some funds however, arrange to create a market for their shares to impart liquidity to them. Investors should note that the mutual funds being currently promoted in India are closed-ended.

One of the most critical issues in the success of a mutual fund is the tax treatment of income and capital gains from a mutual fund. In all the countries where the mutual funds industry has achieved success, funds that meet certain requirements are permitted to distribute investment income and capital gains to their shareholders without having to pay any tax on them. The fund serves merely as a pipeline through which the dividends, interest and other income flow, from the securities held in the funds portfolio to the shareholder. There is no additional tax burden on the shareholder. Similarly, the fund serves as a conduit for capital gains. The individual investor therefore treats investment income and capital gains received from the fund exactly as he would had he bought and sold securities himself without the fund serving as intermediary. For tax purposes, the shareholder receives from the fund a year-end statement telling him clearly

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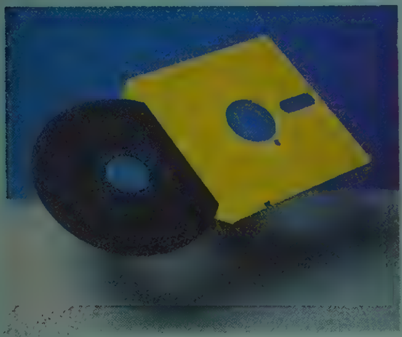

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In India: grey areas

Every new fund should be required to publicly state its investment objectives in clear and precise terms. This should be done not just at the time of its launch, but throughout its lifetime. Deviations from stated objectives will invalidate the assumptions on which the investors had put in their money. Changes in objectives announced at the time of the launch should require approval by majority shareholders.

Several questions arise regarding the operations of the mutual funds and their regulation. For instance what decision process will the funds follow? Will investment decisions be the responsibility of a com-decisions be the responsibility of a committee or will an individual fund manager manage specified amounts in a competitive environment? Will the decision making process be kept a secret? There are no clear-cut answers to many of these questions, but it is important to provide broad guidelines.

Questions also arise regarding the transparency of transactions. Will transactions by funds be reported publicly on a daily basis? Will the funds be sharing the details of their portfolio with investors? This should be done at least once in a year, at the end of the year. Will the funds be allowed to effect block purchase or sale of shares outside the stock exchange? This could deprive the small investor of an "equal opportunity".

Mutual funds in the US are not allowed by law to buy shares on margins, or to sell short. What rules will apply to mutual funds in India?

Will mutual funds be allowed to redeploy borrowed funds in stocks? This will have a multiplier effect on their money-power. Should there be any controls or ceilings within which mutual funds should be leveraged?

What would be the limits on investment by funds in individual companies? Absence of an upper limit may tempt a mutual fund to make takeover attempts. In the US, a mutual fund is not permitted to acquire a controlling interest of more than 3 per cent of equity capital in individual companies or to make an investment (loan plus equity) of more than 10 per cent of total assets of a company.

Institutional investors command huge money power, and it is important to institute controls on its possible abuse. This applies not just to India, but to the whole world. Japanese banks and insurance companies are striving to become the biggest players in the global financial markets. Sumitomo Bank bought a 12.5 per cent stake last year in Goldman Sachs. Nippon Life Insurance is buying into Shearson Lehman. Those are big names in the U.S. in the investment banking field. The strategy adopted by Sumitomo, Nippon and others was to whip up each other's price, and then proceed to float new shares at the inflated prices. It's a game which has been well mastered by some entrepreneurs in India as well.

Good investment decisions are based on high quality investment research. Some funds set up their own investment research Departments, others retain the services of outsiders. The second alternative reduces cost. It also enables a fund to cross-check information from more than one independent source. What practice would or should the funds in India follow? In the US, the appointment of an investment advisor has to be approved by the majority of shareholders. Likewise, it is advisable to define ground rules for the appointment of distributors, brokers, custodians, registrars and other agencies. There could even be a provision for appointment of outsiders as investment managers, maybe for a part of the funds.

Finally, some thought also needs to be given to the type of financial statements which the funds should be required to submit to the shareholders, and to the statutory agencies. Some of the important reports which could be made public at least once a year are: statement of assets and liabilities, including a detailed listing of investments; a statement of operations; a statement of changes in assets; a schedule of relevant ratios to reflect on the quality of holdings.

Common rules should also be framed in respect of the accounting records to be maintained by the funds, and the period for which these must be kept. Methods for valuation of securities should be well defined.

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hat part of the money distributed to him repesents long term capital gains.

In India, the mutual funds are just beginning make an appearance. As a result, the rules f the game are yet to be defined. There are any grey areas. (see box).

Once there are about half a dozen funds perating in India, competition will bring with innovative products to meet the specific eeds of investors. Some of the possibilities re listed below:

ividend reinvestment plan: The investor may sk the fund to reinvest his dividend ntitlements.

eriodic payment plan: An investor may opt to vest a predetermined amount at agreed inrvals — say Rs 10,000 per year for five years.

ystematic withdrawal plan: An investor reeives a fixed sum of money each month, reardless of the consequences to his invested pital. If the dividends paid by the fund are ot sufficient to meet the desired amount, the vestors' principal is used to make up the reuired amount. In a falling market, an investor may see his entire capital eroded under the withdrawal plan. The loss may be recouped during the subsequent booms.

Given the credibility which goes with the name of a nationalised bank, mutual funds being promoted by various banks in India will gain ready acceptance. Money will roll into them with relative ease. However, its long term success will depend upon the efficiency with which the funds manage investors' money

Option to switch: Some sponsors manage several funds (families of funds) and allow switching from one fund to another.

There is little doubt that given the credibility which goes with the name of a nationalised bank, mutual funds being promoted by various banks in India will gain ready acceptance. Money will roll into them with relative ease, at least in the initial stages. However, the long term success of mutual funds will depend upon the efficiency and integrity with which the funds manage investors' money.

RAM K. PIPARAIYA

The author has written many books on the capital markets, such as The Money Game, Corporate Numbers Game *and* Bulls, Bears and Blue Chips. *He is the managing director of Aridhi Investment Consultants (P) Ltd, Bombay.*

Stockmarkets

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 31.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
		(Rs in crores)				High	Low					Yr	Ratio
ALUMINIUM		**48.59**	**82.43**		**331.54***			**15.81**	**1528.55**		**1.48**		
Alum Ind (10)	03/86	2.70	0.20	10.74	4.00	5.75	4.00	-87.04	0.00	0.00	0.00	66	1 : 7
Hindalco (10)	12/86	13.39	41.83	41.24	140.00	143.00	94.00	28.83	48.56	15.00	1.07	86	1 : 2
Indal (10)	12/86	32.50	40.40	22.43	44.00	54.00	29.00	18.98	23.18	14.00	3.18	77	2 : 5
AUTO-ANCILLARIES		**86.81**	**65.94**		**262.16***			**29.52**	**143.60**		**16.12**		
Auto Corp (10)	03/86	2.35	1.72	17.32	31.00	36.00	19.00	38.30	8.09	15.00	4.84		
Bharat Gears(10)	07/85	2.03	6.44	41.72	21.00	28.00	14.00	26.11	8.04	18.00	8.57		
Gabriel (10)	05/86	2.64	3.26	22.35	16.50	21.50	12.00	41.29	4.00	10.00	6.06	78	3 : 2
Goetze (10)	06/86	6.93	8.55	22.34	35.00	52.00	31.00	46.03	7.60	20.00	5.71		
Hind Ferodo (10)	12/86	5.50	0.58	11.05	22.00	27.00	17.50	0.36	605.00	0.00	0.00	83	4 : 5
Kalyani Brks (10)	06/85	3.88	0.00	10.00	14.00	14.00	8.00	0.00	0.00	0.00	0.00		
Mico (100)	12/86	38.04	35.99	194.61	472.50	238.75	167.50	32.60	14.50	10.00	2.12	86	1 : 1
Sund Fast (10)	03/86	3.19	8.67	37.18	62.00	65.00	41.00	35.42	17.50	20.00	3.23	81	2 : 3
ZF Steering (10)	06/86	2.25	0.73	13.24	22.00	43.00	16.00	20.44	10.76	0.00	0.00		
AUTO-CAR/JEEP/TRAC		**85.57**	**167.37**		**208.11***			**56.29**	**177.13**		**2.01**		
Hind Motors (10)	03/86	26.32	54.01	30.52	22.75	35.00	22.00	58.89	3.86	12.00	5.27	86	1 : 1
Mah & Mah (10)	10/86	19.26	63.27	42.85	52.00	61.00	38.00	42.26	12.30	20.00	3.85	84	2 : 3
Prem Auto (100)	06/86	16.14	37.52	33.25	26 75	29.50	17.00	71.00	3.77	25.00	9.35	86	1 : 1
Punjab Trac (10)	11/85	1.54	8.59	65.78	13.50	16.00	10.50	51 30	2.63	14.00	10.37	81	2 : 5
Stan Motors (10)	12/86	2.31	3.98	27.23	12.25	15.75	11.70	44.16	2.77	10.00	8.16		
AUTO-LIGHT TRUCK		**58.62**	**51.14**		**96.66***			**14.50**	**117.25**		**27.17**		
Allwyn Nis (10)	06/86	16.54	0.00	10.00	6.50	6.50	3.00	0.00	0.00	0.00	0.00		
Bajaj Tempo (10)	09/86	.6.58	40.99	72.29	83.75	100.00	62.50	129.18	6.48	12.50	1.49	85	1 : 1
DCM Toyo (10)	06/86	15.00	0.15	10.10	10.00	10.00	6.00	0.00	0.00	0.00	0.00		
Eicher Mot (10)	00/00	10.00	10.00	20.00	9.50	10.00	5.00	0.00	0.00	0.00	0.00		
Swaraj Maz (10)	00/00	10.50	0.00	10.00	6.00	6.50	0.00	0.00	0.00	0.00	0.00		0 : 0
AUTO-HVY TRUCK		**74.57**	**231.10**		**307.81***			**11.94**	**394.12**		**4.24**		
Ash Leyland (10)	12/86	21.39	68.18	41.87	37.00	40.00	27.00	27.91	13.26	16.00	4.32	78	1 : 2
Telco (100)	03/87	53.18	162.92	406.36	430.00	665.00	350.00	5.51	78.05	10.00	2.33	82	2 : 5
AUTO 2/3 WHEEL		**59.67**	**180.61**		**588.91***			**93.87**	**162.77**		**3.83**		
A.P. Scooters (10)	07/86	9.12	0.24	10.26	4.00	4.00	0.00	40.02	1.00	0.00	0.00		
Bajaj Auto (100)	06/86	9.41	127.50	1454.94	4625.00	4925.00	3950.00	414.13	11.17	50.00	1.08	84	1 : 1
Enfield (10)	06/86	3.12	8.41	36.96	11.75	19.50	8.50	61.54	1.91	15.00	12.77	84	1 : 1
Hero Honda (10)	06/86	12.00	1.15	10.96	17.00	31.00	16.00	9.58	17.74	0.00	0.00		
Kinetic Eng (10)	06/86	1.20	12.78	116.50	225.00	310.00	175.00	317.50	7.09	30.00	1.33	83	1 : 1
Kinet Honda (10)	01/87	10.00	2.35	12.35	25.00	40.00	15.00	45.60	00.00	0.00	0.00		
Maha Scoot (10)	06/86	1.43	8.08	66.50	170.00	195.00	125.00	269.93	6.30	35.00	2.06	83	3 : 7
Sund Clay (10)	05/86	5.69	19.58	44.41	67.00	71.50	54.00	100.88	6.64	25.00	3.73	83	1 : 1
TVS Suzuki (10)	08/86	7.70	0.52	10.68	15.00	26.00	11.50	19.09	7.86	0.00	0.00		
BEARINGS		**26.08**	**38.58**		**162.75***			**42.18**	**388.42**		**3.58**		
Anti-Friction (10)	03/86	3.00	3.95	23.17	15.00	16.00	9.00	7.67	19.57	8.00	5.33	83	1 : 2
Assoc Bear (100)	12/86	12.34	26.05	311.10	1150.00	1180.00	500.00	74.80	15.37	20.00	1.74	86	2 : 5
Bimetal (10)	06/85	1.91	6.07	41.78	60.00	67.00	42.00	71.73	8.36	21.00	3.50	81	1 : 2
Fag Prec (100)	12/86	2.00	3.42	271.00	107.50	225.00	107.50	8.50	12.65	7.50	6.98		
Karna Ball (10)	06/85	6.83	-0.91	8.67	4.00	7.00	3.50	0.00	0.00	0.00	0.00		
CEMENT		**93.84**	**212.30**		**225.59***			**41.44**	**147.05**		**10.01**		
ACC (100)	11/86	2.98	3.41	214.43	166.00	373.00	138.00	63.76	2.60	2.50	1.51	85	1 : 5
Andhra Cem (10)	03/86	9.51	10.80	21.36	13.50	23.00	11.00	23.55	5.73	15.00	11.11	67	1 : 2
Bagalkot (10)	09/86	1.00	4.00	50.00	23.00	32.00	21.00	48.00	4.79	15.00	6.52		
Birla Jute (10)	03/86	20.38	70.02	44.36	52.50	58.00	46.00	72.08	7.28	16.00	3.05	86	1 : 1
Guj. Ambuja (10)	06/86	17.91	0.00	10.00	11.25	15.00	8.50	0.00	0.00	0.00	0.00		
India Cem (10)	03/87	4.90	20.51	51.86	15.00	25.50	13.00	33.88	4.43	12.00	8.00	70	2 : 5
Mad Cem (100)	12/86	3.02	23.27	870.53	640.00	825.00	505.00	142.05	4.51	25.00	3.91		
Mang Cem (10)	12/86	7.11	10.38	24.60	15.00	22.50	13.00	29.82	5.03	15.00	10.00		
Mysore Cem (10)	06/86	4.99	15.98	42.02	33.00	35.00	23.00	34.07	9.69	17.50	5.30	85	2 : 5
Narm Cem (10)	12/85	14.00	0.15	10.11	4.00	7.25	4.00	-22.64	0.00	0.00	0.00		
Orissa Cem (10)	12/86	2.70	29.90	120.74	32.50	35.00	16.50	291.48	1.11	30.00	9.23	85	1 : 5
Raasi Cem (10)	06/86	5.34	23.88	54.72	19.00	28.00	10.00	95.69	1.99	18.00	9.47		
CHEMICALS		**236.68**	**380.27**		**1213.81***			**45.12**	**302.96**		**3.65**		
BASF (10)	12/86	2.84	9.52	43.52	81.25	92.50	65.00	46.48	17.48	18.00	2.22	79	1 : 1
Bayer (100)	12/86	8.11	17.45	315.17	400.00	785.00	395.00	65.97	6.06	25.00	6.25		
Cam & All (100)	12/86	2.60	4.58	276.15	155.00	210.00	150.00	25.38	6.11	18.00	11.61	82	1 : 3
Chloride (10)	08/86	12.90	16.21	22.57	92.00	98.00	66.00	69.53	13.23	39.00	4.24	86	3 : 5
Citurgia (10)	03/87	5.25	7.05	23.43	73.00	74.00	53.00	46.29	15.77	22.00	3.01		
Deepak Nit (10)	10/86	2.43	3.40	23.99	40.00	40.00	20.50	25.10	15.93	14.00	3.50	86	1 : 2
Gujarat Alk (10)	03/87	8.93	13.67	25.31	61.00	11.02	8.52	34.04	17.92	26.00	4.26	85	1 : 5
Gujrat Petro (10)	05/86	2.94	0.31	11.05	31.00	31.00	17.50	22.45	13.81	11.00	3.55		
Herdillia (10)	06/86	7.35	13.65	28.57	37.00	38.00	29.50	47.76	7.75	18.00	4.86		
Hico Prod (10)	12/86	2.49	4.74	29.04	14.00	22.00	10.00	2.41	58.10	10.00	7.14		
IEL (10)	09/86	40.87	72.54	27.75	54.00	63.00	45.00	47.49	11.37	22.50	4.17		
Ind Oxygen (10)	09/85	14.60	12.90	18.84	42.00	62.50	39.00	27.81	15.10	16.00	3.81	85	1 : 3
Indrol (10)	06/86	2.54	10.06	49.61	232.50	340.00	160.00	90.55	25.68	25.00	1.08		
ION Exch (10)	04/85	0.96	2.39	34.90	83.00	146.00	58.00	60.42	13.74	20.00	2.41		
Modi Alkalies (10)	04/85	10.64	-0.61	9.43	7.00	10.00	5.00	0.00	0.00	0.00	0.00		
Nat Perox (100)	03/87	2.28	8.44	470.18	1190.00	1225.00	710.00	133.77	8.90	30.00	2.52		
Nocil (100)	12/86	36.00	45.43	226.19	420.00	192.31	127.37	46.47	9.04	18.00	4.29	86	1 : 2
PIL (100)	12/86	12.87	24.43	289.82	712.50	716.25	590.00	54.93	12.97	23.00	3.23	82	1 : 3
Punjab Alk (10)	06/85	9.99	2.77	12.77	6.50	7.50	4.00	-15.12	0.00	0.00	0.00		
Syn & Chem (100)	03/87	5.81	4.37	175.22	215.00	225.00	75.00	20.83	10.32	15.00	6.98		
Tata Chem (10)	03/87	27.19	97.55	45.88	70.00	94.00	61.00	83.12	8.42	25.00	3.57	85	2 : 5
Tuti Alkalies (10)	12/86	12.93	0.00	10.00	14.50	16.50	8.00	-5.41	0.00	0.00	0.00		
Vam Org (10)	04/86	4.16	9.42	32.64	93.00	108.00	64.00	129.33	7.19	20.00	2.15		
CIGARETTES		**42.63**	**56.34**		**193.76***			**38.99**	**260.40**		**6.73**		
Godfrey Phil (10)	12.86	2.60	3.24	22.46	10.50	12.25	0.00	26.54	3.96	15.00	14.29	75	1 : 1
GTC (10)	12/86	2.60	3.74	24.38	14.50	19.00	13.00	26.54	5.46	15.00	10.34	72	1 : 4
ITC (10)	06/86	33.17	38.42	21.58	53.50	77.00	39.00	38.41	13.93	27.50	5.14	81	1 : 5
VST Ind (10)	09/86	4.26	10.94	35.68	23.00	30.00	19.00	58.69	3.92	26.00	11.30	77	3 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*** market capitalisation in Rs crores.**

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 31.7.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
		(Rs in crores)				High	Low					Yr	Ratio
COMPUTERS		**6.97**	**9.22**		**55.39***			**47.92**	**223.11**		**19.03**		
ICIM (10)	12/86	2.50	4.37	27.48	24.50	28.00	15.00	38.00	6.45	16.00	6.53		
P.S.I. Data (10)	06/86	1.34	0.57	14.25	29.00	32.00	22.00	18.66	15.54	17.00	5.86		0 : 0
Tata Unisys (10)	12/86	3.13	4.28	23.67	145.00	225.00	127.50	68.37	21.21	40.00	2.76		
CONSTRUCTION		**18.73**	**60.10**		**120.67***			**39.51**	**188.29**		**8.15**		
Cemindia (10)	09/86	1.28	3.84	40.00	100.00	127.50	63.75	85.16	11.74	24.00	2.40	84	3 : 5
Gammon (10)	07/86	2.16	12.81	69.31	69.00	71.50	27.00	93.06	7.41	25.00	3.62	82	2 : 5
Hind Dorr-Ol (10)	11/86	2.38	7.85	42.98	215.00	407.50	156.25	164.71	13.05	35.00	1.63	86	1 : 1
Hind Const (10)	07/86	6.70	20.57	42.65	8.75	13.00	8.50	-30.95	0.00	15.00	17.14	83	1 : 1
Sae (10)	12/86	1.80	6.82	47.89	118.75	167.50	75.00	21.67	54.85	12.50	1.05	83	1 : 1
W.I.E. (10)	09/86	4.81	8.21	27.07	31.00	35.50	16.00	40.33	7.69	16.00	5.16	83	3 : 5
COSME & TOILET		**68.86**	**175.05**		**923.73***			**83.63**	**340.74**		**4.70**		
Colgate (10)	12/86	7.86	14.23	28.10	410.00	415.00	327.50	126.46	32.42	52.00	1.27	85	1 : 1
Hind Lever (10)	12/86	46.66	118.56	35.41	91.00	106.00	88.00	83.73	10.87	34.00	3.74	83	3 : 5
Lakme (10)	06/86	1.83	5.18	38.31	111.25	141.25	92.50	80.87	13.76	25.00	2.25	85	2 : 5
Oswal Agro (10)	06/85	2.87	6.77	33.59	101.35	147.50	72.50	91.99	11.01	32.00	3.16		
Ponds (10)	06/86	3.31	11.98	46.19	320.00	343.00	222.50	96.07	33.31	27.50	0.86	84	1 : 1
Tomco (25)	03/87	6.33	18.33	97.39	85.00	104.00	72.00	20.22	16.81	6.00	1.76	81	2 : 5
COTT & WOL TEXT		**92.08**	**258.95**		**560.56***			**46.85**	**143.31**		**6.40**		
Ahm Calico (125)	06/86	13.56	22.74	334.62	70.00	97.00	53.00	—59.59	00.00	0.00	0.00	77	1 : 7
Bom Dyeing (25)	09/85	11.24	31.71	95.53	92.00	95.50	40.50	24.56	14.99	7.00	1.90	79	1 : 1
Khatau Spg (100)	12/86	3.37	10.74	418.69	165.00	312.50	125.00	5.34	30.89	10.00	6.06	79	1 : 2
Madura Cots (10)	06/86	21.81	30.21	23.85	71.00	74.00	64.00	64.83	10.95	25.00	3.52	86	1 : 2
Mafat Fine (100)	03/87	6.48	18.22	381.17	240.00	300.00	200.00	41.36	5.80	1.70	0.71		
Mafat Ind (125)	03/87	8.10	40.71	753.24	325.00	420.00	305.00	79.88	3.26	1.76	0.68	78	1 : 5
Morarjee (10)	06/86	4.20	8.96	31.31	400.00	550.00	390.00	110.71	36.13	200.00	5.00	81	1 : 2
Raymond (10)	03/87	11.24	55.16	59.07	95.00	49.00	24.00	117.70	8.07	25.00	2.63	82	1 :1
Shri Dinesh (100)	06/85	1.03	7.94	870.87	485.00	490.00	320.00	217.48	2.23	20.00	4.12	76	1 : 1
Stan Mills (100)	12/86	11.05	32.57	394.75	315.00	532.50	280.00	44.07	7.15	16.00	5.08	82	2 : 5
DIVERSIFIED		**223.35**	**642.82**		**1186.46***			**48.23**	**134.44**		**53.02**		
Ahmed Adv (100)	06/86	3.46	3.18	191.91	56.00	85.00	00.00	32.95	1.70	0:00	0.00	81	1 : 3
Century (100)	12/86	26.62	117.19	540.23	690.00	750.00	600.00	59.95	11.51	20.00	2.90		2 : 3
D.C.M. (10)	06/86	23.02	52.50	32.81	38.50	41.00	24.25	23.85	16.14	800.00	207.79		
EID-Parry (10)	06/86	6.28	4.31	16.86	23.00	23.25	16.25	16.72	13.76	10.00	4.35		0 : 0
Escorts (10)	12/86	13.38	62.38	56.62	43.50	60.00	35.00	60.84	7.15	22.00	5.06	86	1 : 1
Forbs Camp (10)	06/86	4.25	3.83	19.01	38.00	60.00	30.00	22.82	16.65	20.00	5.26	82	2 : 5
Hind Devel (10)	12/86	8.20	72.15	97.99	91.00	97.00	67.00	91.95	9.90	20.00	2.20	86	1 : 1
Hyd. Allwyn (10)	07/86	18.51	8.93	14.82	12.00	15.00	5.00	15.24	7.88	14.00	11.67		
Kesoram (10)	03/87	8.85	51.42	68.10	60.00	62.00	44.00	80.79	7.43	100.00	16.67	80	1 : 2
L & T (10)	09/86	51.97	132.36	35.47	75.00	98.00	67.00	59.01	12.71	17.00	2.27	86	3 : 5
Lohia (10)	10/86	13.50	8.64	16.40	16.50	34.00	13.00	34.74	4.75	20.00	12.12	80	4 : 5
Mac & Mag (10)	06/86	2.74	8.56	41.24	37.25	41.00	32.75	16.42	22.68	7.00	1.88		
Modi Ind (10)	03/86	2.17	11.90	64.84	26.00	31.50	17.00	162.67	1.60	18.00	6.92	69	1 : 5
Rallis (100)	05/86	5.64	16.58	393.97	675.00	775.00	500.00	76.42	8.83	25.00	3.70	77	3 : 10
Reck & Col (10)	01/87	4.20	9.13	31.74	192.50	197.00	147.00	99.05	19.44	25.00	1.30	85	2 : 5
Straw Prod (10)	12/86	10.14	32.68	42.23	45.00	57.00	39.00	63.21	7.12	20.00	4.44	72	1 : 2
Texmaco (10)	12/86	1.87	11.06	69.14	23.50	27.25	14.25	-208.56	0.00	0.00	0.00		
Voltas (100)	08/86	12.78	21.36	267.14	297.50	300.00	200.00	24.41	12.90	10.00	3.36	81	1 : 4
Zenith (10)	06/86	5.77	14.66	34.41	67.00	72.00	41.00	69.67	9.62	30.00	4.48	79	1 : 4
DYESTUFFS		**9.80**	**26.27**		**45.57***			**56.63**	**139.71**		**19.55**		
Coates (10)	10/85	1.11	1.75	25.77	60.00	60.00	00.00	45.05	13.32	21.00	3.50	86	1 : 5
Col-Chem (100)	03/87	7.94	10.68	234.51	465.00	475.00	265.00	42.44	10.96	18.00	3.87		
Ind Dyest (100)	03/87	0.75	13.84	1945.33	265.00	265.00	165.00	224.00	1.18	1.40	0.53	80	1 : 4
ELECTRICALS		**81.59**	**163.69**		**380.05***			**28.03**	**179.27**		**13.39**		
Asea (10)	12/86	3.00	4.18	23.93	60.00	100.00	52.00	16.67	36.00	15.00	2.50	80	1 : 3
Asian Cab (100)	12/86	3.06	5.00	263.40	400.00	440.00	230.00	41.83	9.56	1.70	0.43	81	1 : 3
Best & Crom (10)	12/86	4.50	17.45	48.78	40.00	57.00	28.00	20.22	19.78	15.00	3.75	82	3 : 5
Eng Elec (10)	03/86	4.50	15.13	43.62	126.00	138.00	60.00	98.00	12.86	27.50	2.18	80	1 : 1
GEC (10)	03/86	7.20	15.91	32.10	40.00	66.25	39.00	33.75	11.85	15.00	3.75	72	2 : 1
Genelec (10)	08/86	2.16	4.06	28.80	82.50	247.50	62.50	90.28	9.14	25.00	3.03	84	1 :
Hind Brown (100)	04/86	4.00	10.07	351.75	240.00	420.00	230.00	35.75	6.71	15.00	6.25	78	1 : 3
Math & Platt (10)	06/86	6.40	5.67	18.86	92.50	102.50	65.00	49.38	18.73	17.00	1.84	86	1 : 1
Punj Anand (10)	09/85	0.80	0.22	12.75	5.50	10.50	5.50	21.25	2.59	5.10	9.27		
Siemens (10)	09/86	10.80	32.74	40.31	84.00	112.00	68.00	39.26	21.40	16.00	1.90	82	1 : 2
Stand Batt (100)	06/85	1.02	4.56	547.06	500.00	500.00	500.00	114.71	4.36	18.00	3.60	70	1 : 5
Uni Carb (10)	12/85	32.58	36.11	21.08	18.00	20.75	12.00	0.40	451.11	5.00	2.78	80	1 : 2
W.S. Insul (10)	09/85	1.57	12.59	90.19	30.50	36.00	27.00	69.43	4:39	18.00	5.90		
ELECTRICITY		**61.17**	**258.80**		**114.74***			**43.24**	**103.76**		**10.55**		
Ahmd Elec (100)	03/86	15.10	56.46	473.91	172.50	172.50	132.00	30.53	5.65	16.00	9.28		
And Valley (100)	03/86	9.32	25.72	375.97	185.00	192.50	155.00	19.10	9.69	16.00	8.65	75	1 :
B.S.E.S. (100)	03/86	5.85	56.21	1060.85	157.50	190.00	137.50	108.38	1.45	18.00	11.43	81	1 :
Cal Elec (10)	03/86	8.44	54.96	75.12	15.20	16.20	13.20	111.85	1.36	16.00	10.53		
Tata Hydro (100)	03/86	6.55	18.38	380.61	181.25	200.00	160.00	18.63	9.73	16.00	8.83	75	1 : 1
Tata Power (100)	03/86	15.91	47.07	395.85	236.25	310.00	205.00	'19.23	12.28	16.00	6.77	75	1 : 6
ELECTRONICS		**45.64**	**33.43**		**183.85***			**—5.72**	**0.00**		**2.57**		
Gramophone (10)	03/85	1.80	-2.81	-5.61	8.00	11.50	5.87	-262.78	0.00	0.00	0.00	76	3 :
Nelco (100)	12/86	3.18	0.24	107.55	130.00	131.25	60.00	-39.31	0.00	0.00	0.00		
Peico (10)	12/86	33.32	31.40	19.42	44.00	57.50	36.00	1.41	311.93	10.00	2.27	82	1 :
Samtel (10)	12/86	3.03	3.62	21.95	77.50	77.50	13.75	74.26	10.44	25.00	3.23		
Usha Rect (10)	12/86	4.31	0.98	12.27	19.00	24.50	9.85	15.08	12.60	15.00	7.89	83	7 :
ENGINEERING		**143.79**	**237.40**		**1022.79***			**38.53**	**358.56**		**5.21**		
Alfa Laval (10)	12/86	5.21	13.21	35.36	73.75	75.00	45.00	38.58	19.12	16.00	2.17	86	1 :
Andrew Yule (10)	03/86	7.53	12.45	26.53	23.00	24.50	16.00	31.08	7.40	10.00	4.35	67	2 :
Atlas Copco (10)	12/85	4.83	8.53	27.66	119.00	156.00	105.00	43.27	27.50	16.00	1.34	82	1 :
Avery India (10)	12/85	4.20	5.62	23.38	140.00	167.00	112.00	59.52	23.52	35.00	2.50		
C.P. Tools (10)	01/87	4.57	7.57	265.65	750.00	760.00	370.00	50.77	14.77	18.00	2.40	82	1 :
Elecon Engg (10)	12/86	3.53	25.13	81.19	59.00	125.00	59.00	118.98	4.96	22.00	3.73	81	1 :
Facit Asia (10)	06/86	1.91	2.17	21.36	32.00	36.00	00.00	45.55	7.03	15.00	4.69	86	2 :

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*** market capitalisation in Rs crores.**

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 31.7.87	1987 High	Low	EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus Yr	Ratio
Flakt (10)	12/86	3.40	2.05	16.03	267.50	267.50	10.88	35.88	74.55	18.00	0.67	86	1 : 3
GKW (10)	12/86	24.06	20.60	18.56	11.10	15.40	10.60	2.16	51.36	5.00	4.50	83	1 : 3
IAEC (10)	09/85	0.74	1.70	32.97	14.00	19.50	9.00	20.27	6.91	12.00	8.57	85	3 : 5
Ind Sewing (10)	06/86	2.00	7.43	47.15	63.75	65.00	48.75	327.00	1.95	20.00	3.14		
Inger Rand (10)	12/86	7.90	13.25	26.77	320.00	360.00	265.00	97.09	32.96	25.00	0.78	85	1 : 1
Kelvinator (10)	06/86	3.55	17.59	59.55	41.00	54.00	32.00	94.93	4.32	15.00	3.66	84	1 : 1
Kirl Cumm (100)	09/86	13.20	45.67	445.98	47.50	97.50	40.00	60.98	0.78	20.00	42.11	83	1 : 1
Kirl Oil (10)	06/86	5.75	12.98	32.57	18.00	20.50	13.00	59.83	3.01	12.50	6.94		
Kirl Pneu (10)	09/85	3.85	3.37	18.75	10.50	12.00	9.00	3.64	28.87	0.00	0.00		
KSB Pumps (10)	12/86	4.36	7.62	27.48	352.50	375.00	220.00	117.20	30.08	20.00	42.11	86	1 : 1
Metalbox (10)	03/86	12.23	6.67	15.45	11.50	17.00	9.00	11.53	9.97	0.00	0.00		
Modi Xerox (10)	04/86	12.48	0.00	10.00	25.50	27.00	12.00	-48.00	0.00	0.00	0.00		
Otis (10)	11/86	5.04	7.05	23.99	202.50	250.00	155.00	56.35	35.94	22.50	1.11	85	1 : 1
Rem Rand (10)	03/86	2.67	3.30	22.36	27.00	33.00	21.00	39.33	6.87	18.00	6.67	86	1 : 2
Sandvik (100)	12/86	5.77	5.13	188.91	880.00	925.00	745.00	27.90	31.54	20.00	2.27	84	1 : 1
Tata Robins (10)	03/86	2.01	2.98	24.83	32.00	47.00	26.00	30.85	10.37	16.00	5.00	77	1 : 4
Walchand (10)	03/86	3.00	5.33	27.77	13.50	21.00	11.00	44.00	3.07	16.00	11.85	82	1 : 2
FERTILISERS		202.86	432.52		897.26*			71.67	137.67		3.09		
Coromandel (10)	03/86	16.21	47.96	39.59	44.00	65.00	39.00	62.80	7.01	20.00	4.55		1 : 2
Deepak Fert (10)	12/86	11.50	2.05	11.78	36.50	46.50	33.00	51.30	7.11	15.00	4.11		
Dharam Mor (50)	12/86	6.42	10.20	25.89	29.00	36.00	23.00	25.70	11.28	20.00	6.90		
GNFC (10)	06/86	88.98	93.05	20.46	35.50	60.50	34.25	81.42	4.36	18.00	5.07		
GSFC (10)	12/86	20.70	142.40	78.79	98.00	183.50	71.00	111.01	8.83	27.00	2.76	83	1 : 4
Mangal Fert (10)	12/86	12.42	13.87	21.17	24.00	39.50	23.00	87.44	2.74	12.00	5.00		
SPIC (10)	12/86	34.00	74.84	32.01	40.00	56.00	34.00	36.94	10.83	*15.00	3.75	86	1 : 1
Zuari Agro (10)	12/86	12.43	48.15	48.74	65.00	88.00	56.00	69.75	9.32	25.00	3.85		
FOOD PRODUCTS		50.20	120.25		767.84*			93.75	155.92		6.06		
Britannia (10)	11/86	8.85	19.59	32.14	123.00	135.00	83.00	83.16	14.79	27.00	2.20	87	2 : 5
Corn Prod (10)	9/86	0.75	1.09	24.53	38.75	65.00	21.25	65.33	5.93	14.00	3.61	78	1 : 4
Food Spec (10)	12/86	19.08	14.36	17.53	155.00	190.00	112.50	54.56	28.41	32.50	2.10	86	1 : 1
Hind Cocoa (10)	06/86	4.20	8.17	29.45	207.50	262.50	168.75	79.52	26.09	28.00	1.35	85	2 : 5
HMM (10)	04/87	7.09	25.29	45.67	280.00	285.00	202.50	298.87	9.37	55.00	1.96	85	3 : 8
McDowell (10)	06/86	6.40	37.02	67.84	90.50	91.50	20.75	22.03	41.08	10.00	1.10	86	1 : 1
Milk Food (10)	12/85	0.57	3.31	68.07	65.00	65.00	35.00	131.58	4.94	15.00	2.31		
Skol Brew (10)	06/85	1.26	1.45	21.51	42.50	42.50	30.00	62.70	6.78	10.00	2.35	82	2 : 5
United Brew (10)	06/86	2.00	9.97	59.85	38.50	41.00	27.50	66.00	5.83	10.00	2.60	75	1 : 1
RON & STEEL		132.03	469.12		865.61*			92.78	77.42		4.13		
Bihar Alloy (10)	12/86	7.00	10.90	25.57	14.00	18.00	9.00	11.43	0.00	0.00	0.00		
pitata (10)	00/00	12.00	0.00	10.00	18.00	90.00	12.00	0.00	0.00	0.00	0.00		
indal Iron (10)	09/86	1.68	0.22	11.31	14.00	21.00	8.00	7.14	19.60	10.00	7.14		
Kalyani Steel (10)	08/86	1.12	6.27	65.98	237.50	245.00	110.00	222.32	10.68	25.00	1.05	83	1 : 1
Mah Ugine (10)	06/86	7.30	14.38	29.70	68.00	70.00	27.00	57.40	11.85	15.00	2.21		
Mukand (10)	6/86	9.83	9.17	19.33	75.00	81.00	62.00	51.68	14.51	15.00	2.00	0.00	0 : 0
lathi Alloys (10)	06/86	2.88	4.11	24.27	14.00	17.50	8.00	46.53	3.01	10.00	7.14		
Spec Steel (100)	12/86	7.59	3.98	152.44	630.00	645.00	270.00	139.13	4.53	12.00	1.90		
Tisco (100)	03/87	82.63	401.09	585.40	762.50	775.00	590.00	120.44	6.33	25.00	3.28	82	2 : 5
EASING & FIN		29.69	25.20		58.77*			46.14	59.74		33.69		
0th Cent (10)	11/86	6.34	10.86	27.13	20.00	35.00	16.00	59.78	3.35	27.00	13.50	85	2 : 5
ifco (10)	00/00	4.00	0.00	10.00	7.50	11.00	6.00	0.00	0.00	0.00	0.00		
irst Leas (10)	11/85	1.25	2.89	33.12	18.50	27.50	14.00	89.60	2.06	21.00	11.35		
Mazda Leas (10)	06/86	2.45	1.14	14.65	24.00	31.00	14.00	51.84	4.63	22.50	9.38		
Nagarju Fin (10)	09/86	2.44	1.92	17.87	13.00	16.00	10.00	54.92	2.37	23.00	17.69		
ress Leas (10)	09/86	2.46	1.66	16.75	14.00	18.00	9.50	50.41	2.78	23.00	16.43		
oss Mur (10)	06/86	4.75	2.49	15.24	18.50	31.00	12.50	46.32	3.99	25.00	13.51		
und Fin (10)	12/85	6.00	4.24	17.07	32.50	35.00	28.25	45.67	7.12	20.00	6.15	86	1 : 1
AINTS		12.86	34.63		209.92*			105.68	38.25		21.85		
sian Paints (10)	12/86	8.30	28.16	43.93	233.75	280.00	197.50	138.80	16.84	35.00	1.50	85	3 : 5
arwa Paints (10)	06/86	1.32	2.09	25.83	28.50	31.00	26.00	44.70	6.38	14.00	4.91	81	1 : 4
ood Nerol (10)	06/86	3.24	4.38	23.52	37.50	100.00	37.50	45.68	8.21	20.00	5.33	78	5 : 7
APER		37.10	136.24		152.71*			78.11	80.48		8.03		
ndh Paper (100)	08/86	5.62	11.25	300.18	90.00	160.00	70.00	43.24	2.08	16.00	17.78	80	1 : 4
alkrishna (10)	03/86	1.20	4.16	44.67	97.50	115.00	82.50	124.17	7.85	20.00	2.05	85	1 : 1
allarpur Ind (10)	06/86	13.98	69.64	59.81	54.00	61.00	44.00	108.80	5.06	22.00	4.07	81	1 : 5
hadrachal (10)	09/86	10.57	12.65	21.97	38.50	54.00	29.00	65.18	5.91	20.00	5.19		
rient (10)	03/86	5.73	38.54	77.26	34.50	74.00	31.00	56.54	6.10	20.00	5.80	77	1 : 2
ESTICIDES		9.24	8.94		20.79*			-32.36	0.00		132.84		
xcel Ind (10)	09/86	4.62	6.78	24.68	20.00	30.00	17.00	10.39	19.25	10.00	5.00	84	4 : 5
com (10)	09/86	0.64	2.04	41.88	140.00	142.50	86.25	237.50	5.89	30.00	2.14	87	1 : 1
olhrho (10)	09/85	3.98	0.12	10.30	6.50	7.00	0.00	-125.38	0.00	0.00	0.00		
HARMACEUTICALS		143.22	250.81		864.71*			41.20	387.62		5.65		
bbot Lab (10)	04/85	2.25	2.57	21.42	62.00	72.50	44.00	20.89	29.68	14.00	2.26		
lembic Ch (100)	05/86	3.45	6.49	288.12	110.00	137.50	90.00	42.90	2.56	15.00	13.64		
mbalal Sar (10)	06/85	22.19	30.36	23.68	8.25	14.75	6.75	45.74	1.80	0.00	0.00	81	1 : 5
stra Idl (10)	06/86	2.50	1.43	15.72	37.00	57.00	31.00	28.80	12.85	10.00	2.70		
oehringer (10)	04/86	1.00	1.20	22.00	43.00	60.00	32.00	69.00	6.23	10.00	2.33		
oots (10)	12/86	4.05	8.98	32.17	118.75	155.00	91.25	76.30	15.56	32.00	2.69	84	3 : 5
urroughs (10)	08/86	3.00	11.33	47.77	61.25	103.75	50.00	55.00	11.14	25.00	4.08	84	2 : 1
Merck (10)	12/86	4.40	2.89	16.57	55.00	57.50	15.94	37.95	14.49	15.00	2.73	86	3 : 5
kayef (10)	11/86	5.00	12.22	34.44	203.75	247.50	163.75	102.40	19.90	25.00	1.23		
erman Rem (10)	12/85	3.26	3.36	20.31	39.00	63.00	32.00	18.40	21.19	14.00	3.59	82	3 : 5
axo (10)	06/86	20.00	26.48	23.24	63.00	82.00	49.00	14.75	42.71	18.00	2.86	80	1 : 3
nd Ciba (100)	12/86	17.71	28.53	261.10	405.00	490.00	355.00	29.59	13.69	18.00	4.44	80	1 : 2
oechst (100)	12/86	9.58	24.99	360.86	540.00	940.00	440.00	27.14	19.90	20.00	3.70	82	1 : 2
yant Vit (10)	06/86	1.35	2.66	29.86	65.00	87.00	60.00	201.48	3.23	15.00	2.31		
ax India (10)	09/86	2.00	0.28	11.40	36.00	49.00	27.00	46.00	7.83	15.00	4.17		
ay & Baker (10)	12/86	4.50	6.06	23.47	40.00	69.00	27.00	11.56	34.62	5.00	1.25		
erind (10)	12/85	1.80	1.49	18.28	32.00	42.00	28.50	12.22	26.18	10.00	3.12		
cholas Lab (10)	06/86	1.46	1.64	21.23	40.00	53 75	32 50	13.70	29.20	15.00	3.75		
rke Davis (10)	11/86	3.38	3.79	21.28	43.00	66.00	38.00	37.80	11.38	25.00	5.81		

ote: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
market capitalisation in Rs crores

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 31.7.87	1987 High	Low	EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus Yr	Ratio
Pfizer (10)	09/85	11.72	16.50	24.08	52.00	93.00	38.00	18.43	28.21	20.00	3.85	77	4 : 5
Ranbaxy (10)	12/86	3.07	-12.49	50.68	95.00	135.00	71.00	83.71	11.35	20.00	2.11	80	1 : 1
Rich Hind (10)	06/86	3.71	4.30	21.59	295.00	326.25	210.00	79.78	36.97	40.00	1.36	85	1 : 2
Sandoz (10)	12/86	4.50	16.40	46.44	70.00	140.00	57.60	55.78	12.55	16.00	2.29	84	2: 7
Searle (10)	12/86	3.48	13.02	47.41	122.50	240.00	92.50	109.20	11.32	20.00	1.63	86	1 : 1
Unichem (100)	09/85	0.90	7.93	981.11	32.00	45.00	32.00	92.22	0.35	20.00	62.50	80	1 : 4
Warner Hind (10)	11/86	2.98	3.41	21.44	55.00	90.00	44.00	63.76	8.63	25.00	4.55		3 : 10
PLASTICS		18.71	33.90		118.41*			57.46	102.17		15.81		
Bajaj Plas (10)	12/86	1.50	4.75	41.67	34.00	67.50	31.00	72.00	4.72	20.00	5.88	86	1 : 1
Bake Hylam (10)	06/86	4.50	7.70	27.11	30.50	37.00	24.50	27.33	11.16	18.00	5.90	80	2 : 3
Garwa Plas (10)	06/86	5.81	11.83	30.36	86.00	98.00	69.00	71.77	11.98	20.00	2.33		
Sup Indus (100)	06/86	0.90	4.61	612.22	3180.00	3300.00	1700.00	218.89	14.53	27.00	0.85	86	4 : 5
V.I.P. Ind (10)	07/86	6.00	5.01	18.36	35.00	16.50	26.00	38.33	9.13	20.00	5.71		0 : 0
SHIPPING		82.48	53.08		180.53*			53.37	35.45		16.58		
Dempo St (100)	06/85	2.00	9.83	391.50	65.00	65.00	65.00	00.00	0.00	0.00	0.00		
Essar Ship (10)	12/86	24.65	31.83	22.91	22.50	35.50	17.50	30.39	7.40	20.00	8.89		
Great East (10)	06/86	31.94	27.67	18.66	28.25	30.75	16.75	22.17	12.74	12.00	4.25	83	2 : 3
India Steam (10)	03/86	4.95	0.10	10.20	6.30	7.00	5.00	0.00	0.00	0.00	0.00		
Scindia (10)	06/86	18.94	3.31	11.75	5.50	7.75	2.75	155.49	0.35	0.00	0.00	77	2 : 5
SYNTHETIC TEXT		205.22	713.83		1421.15*			53.33	198.69		3.38		
Baroda Ray (100)	12/85	12.14	21.96	280.89	218.75	270.00	177.00	39.13	5.59	18.00	8.23	82	1 : 2
Bharat Com (10)	12/85	3.75	4.90	23.07	15.25	17.75	00.00	17.07	8.94	0.00	0.00	82	1 : 2
Cen Enka (100)	12/86	11.86	78.76	764.08	930.00	1160.00	815.00	89.12	10.44	34.00	3.66	85	1 : 2
Garware Nyl (10)	08/86	9.72	16.53	27.01	24.50	36.00	20.50	14.40	17.01	15.00	6.12	82	1 : 2
Grasim (10)	03/86	21.59	97.61	55.21	111.00	118.00	80.00	60.77	18.27	24.00	2.16		
Indian Rayon (10)	06/86	6.87	40.72	69.27	65.00	77.00	50.00	106.55	6.10	28.00	4.31	80	1 : 4
IOC (10)	03/87	12.46	25.56	30.51	44.00	78.00	41.00	43.02	10.23	15.00	3.41	86	1 : 2
J.K. Synth (10)	03/86	25.25	91.83	46.37	51.50	93.50	39.50	162.81	3.16	20.00	3.88	83	1 : 3
Nat Ray (100)	06/86	6.01	5.39	189.68	65.00	100.00	50.00	-121.96	0.00	0.00	0.00	72	1 : 4
Nirlon (10)	09/85	10.46	24.01	32.95	9.50	26.00	9.50	25.81	3.68	22.50	23.68	82	1 : 2
Orkay (10)	03/86	16.15	25.10	25.54	40.00	115.00	29.50	42.97	9.31	25.00	6.25		
Reliance (10)	12/86	51.61	254.12	59.24	125.00	275.00	110.00	27.46	45.53	25.00	2.00	83	3 : 5
S.I. Viscose (100)	03/86	7.35	7.17	197.55	391.25	425.00	245.00	41.22	9.43	18.00	4.60	76	1 : 2
Shriram Fib (10)	09/86	6.10	14.25	33.36	28.00	36.00	20.00	49.34	5.67	18.00	6.43	83	1 : 2
Swad Poly (10)	09/85	3.90	5.92	25.18	41.50	80.00	40.00	67.95	6.11	25.00	6.02		
TEA		94.15	259.35		711.25*			75.57	200.71		6.31		
Assam Co (10)	06/85	7.00	10.12	24.46	99.50	130.00	64.50	143.43	6.94	32.50	3.27	85	1 : 1
Assam Front (10)	06/86	3.00	4.93	26.43	23.75	87.00	23.75	50.67	4.69	30.00	12.63		
Bom Burm (100)	09/85	5.52	16.73	403.08	305.00	330.00	225.00	78.08	3.91	25.00	8.20	78	1 : 4
Brooke Bond (10)	06/86	12.86	26.25	30.41	94.00	99.00	76.00	86.24	10.90	0.00	0.00		3 : 5
Dom Dooma (10)	12/86	3.50	9.99	38.54	71.50	83.50	54.50	80.29	8.91	40.00	5.59	84	1 : 1
Dun Agro (100)	12/85	2.03	12.51	716.26	267.00	267.00	153.00	116.26	2.30	30.00	11.24		
George Will (10)	06/86	6.30	17.12	37.17	88.00	107.50	79.00	44.92	19.59	27.50	3.12	85	4 : 5
Goodrickes (10)	06/86	3.60	18.51	61.42	90.00	96.50	37.00	137.50	6.55	65.00	7.22		
Harrison Mal (10)	03/86	6.50	13.08	30.12	56.00	57.00	41.00	49.85	11.23	25.00	4.46	85	1 : 1
Jayashree (10)	03/86	6.15	41.00	76.67	42.75	59.50	34.00	12.20	35.05	13.00	3.04	85	1 : 2
Lipton (10)	06/86	15.75	5.02	13.19	70.00	79.50	57.00	39.56	17.70	15.00	2.14		
McLeod Russ (10)	06/86	3.12	18.03	67.79	94.00	200.00	83.00	194.33	4.84	70.00	7.45	84	1 : 4
Tata Tea (10)	12/86	10.52	44.69	52.48	113.00	116.50	89.00	80.32	14.07	30.00	2.65	79	1 : 3
Tea Estates (10)	06/86	4.40	12.17	37.66	78.00	80.50	50.50	75.00	10.40	35.00	4.49	85	1 : 1
Warren Tea (10)	03/87	3.90	9.20	33.59	59.00	70.00	50.00	82.31	7.17	22.50	3.81	85	1 : 5
TRADING		17.35	39.62		132.41*			73.14	104.98		7.03		
Batliboi (10)	09/85	1.56	3.49	32.37	19.50	26.50	17.50	39.10	4.99	8.00	4.10		0 : 0
Blow Plast (10)	07/86	1.00	1.69	26.90	140.00	145.00	92.50	57.00	24.56	25.00	1.79	83	2 : 3
Blue Star (10)	06/86	2.22	6.53	39.41	56.25	102.50	47.50	100.00	5.62	22.00	3.91	83	3 : 5
Grea Cott (100)	06/86	6.57	14.11	314.76	260.00	265.00	230.00	71.84	3.62	18.00	6.92	77	1 : 2
Shaw Wal (10)	06/85	6.00	13.80	33.00	143.00	170.00	104.00	76.17	18.77	30.00	2.10	81	1 : 2
TYRES & TUBES		71.50	145.98		418.07*			72.32	220.80		0.79		
Apollo Tyres (10)	10/86	7.75	0.65	10.84	26.00	29.50	12.00	120.13	2.16	0.00	0.00		
Ceat (100)	06/86	9.31	59.40	73.80	67.00	70.00	45.00	73.15	9.16	21.00	3.13	86	1 : 2
Dunlop (10)	12/85	18.98	29.76	25.68	77.00	77.00	70.00	46.58	16.53	11.50	1.49		
Goodyear (10)	12/86	7.46	11.56	25.50	77.00	85.00	67.00	149.06	5.17	25.00	3.25	77	2 : 5
J.K. Ind (10)	06/86	13.76	2.20	11.60	36.00	37.50	28.00	73.04	4.93	10.00	2.78		
Modi Rubber (10)	04/86	10.38	27.66	36.65	45.00	46.00	33.00	26.30	17.11	20.00	4.44	86	2 : 5
MRF (10)	09/86	3.86	14.75	48.21	92.50	93.00	63.00	73.83	12.53	25.00	2.70	75	1 : 2
MISCELLANEOUS		92.10	197.09		475.18*			49.03	109.98		14.50		
Bata (10)	12/86	5.25	13.20	35.14	79.00	157.00	79.00	43.05	18.35	20.00	2.53	84	2 : 5
Bharat Forge (10)	09/86	4.96	19.15	48.61	98.00	104.00	63.00	97.78	10.02	25.00	2.55	81	1 : 1
Consol Cof (10)	06/86	5.01	8.00	25.97	53.00	67.50	43.00	48.90	10.84	22.00	4.15	82	1 : 2
E.I. Hotels (10)	03/86	17.34	52.97	40.55	51.00	58.00	41.00	56.92	8.96	20.00	3.92	84	2 : 5
F.G.P. (10)	03/87	3.26	6.24	29.14	71.25	40.00	25.50	88.96	8.01	20.00	2.81	79	1 : 2
Hawk Cook (10)	09/86	1.84	1.86	20.11	18.00	37.00	16.00	36.96	4.87	20.00	11.11	81	3 : 5
Indag Rub (10)	06/85	2.72	0.15	10.55	13.50	13.50	7.00	-12.50	00.00	0.00	0.00		
Ind Foils (10)	06/86	2.62	5.59	31.34	82.00	150.00	58.00	69.08	11.87	21.30	2.60	82	1 : 4
Ind Cards (10)	03/86	3.25	2.42	17.45	27.00	29.00	18.50	35.38	7.63	20.00	7.41	81	1 : 2
Ind Hotels (10)	03/87	7.85	34.72	54.23	107.50	125.00	62.50	81.27	13.23	30.00	2.79	82	2 : 5
Ind Photo (10)	12/86	1.00	1.98	29.80	73.75	130.00	37.50	37.00	19.93	20.00	2.71	83	1 : 1
Light Met Ind (10)	00/00	6.14	0.00	10.00	18.37	25.63	14.00	0.00	00.00	0.00	0.00		
Tata Press (10)	03/86	1.25	3.74	39.92	80.00	92.00	72.50	77.60	10.31	25.00	3.12		
Tinplate (10)	03/86	10.14	3.29	13.24	22.50	34.00	20.75	25.05	8.98	10.00	4.44		
Tube Inv (10)	12/86	5.73	18.88	42.95	27.00	34.00	24.00	38.57	7.00	16.00	5.93	85	1 : 3
United Diam (10)	06/85	1.63	1.80	21.04	10.00	18.00	8.00	45.40	2.20	25.00	25.00		
Widia (100)	12/86	3.66	8.64	336.07	775.00	825.00	600.00	59.56	13.01	15.00	1.94	85	1 : 1
Wimco (10)	12/86	8.45	14.46	27.11	33.50	57.00	30.00	48.99	6.84	18.00	5.37	70	1 : 5
Market total/average		2723.55	6233.37		15,449.50*			51.77	198.37		7.69		

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores.

DATA COMPILED AND UPDATED WITH THE HELP OF OM PRAKASH SEHGAL

Deposits

Company fixed deposits (current for August 1987)

Name of the company	Minimum Amount	Rate of interest 1 year	2 year	3 year
ACC	3000	12.00	13.00	14.00
Asian Paints	5000	14.00	14.00	14.00
Atash Industries	2000	14.00	14.00	14.00
Apollo Tubes	1000	14.00	14.00	14.00
Bhadrachalam Paperboards	3000	—	—	14.00
Bombay Dyeing	3000	—	14.00	14.00
Carona	2000	—	14.00	14.00
Cable Corpn	3000	14.00	14.00	14.00
Crompton Greaves	3000	11.00	12.50	14.00
DCM Ltd	5000	12.00	13.00	14.00
Dunlop	3000	14.00	14.00	14.00
Food Specialities	5000	—	—	14.00
First Leasing	2000	13.50	13.75	14.00
GNFC	3000	—	12.50	14.00
German Remedies	5000	14.00	14.00	14.00
Goodyear	3000	—	—	14.00
GKW	2000	—	—	14.00
Hico Products	4000	13.50	14.00	14.00
Hyd. Allwyn	3000	13.00	13.75	14.00
ICIM	3000	14.00	14.00	14.00
Javbharat Credit	3000	13.00	13.50	14.00
J.K. Industries	3000	—	13.50	14.00
Jagatjit Indus	3000	13.00	14.00	14.00
Kir. Cummins	3000	12.00	13.00	14.00
Kothari Orient	2000	13.50	14.00	14.00
Khatau Makanji	3000	—	13.00	14.00
Krest Devlpt	1000	13.00	13.50	14.00
MGF	2000	14.00	14.00	14.00
Modi Cement	2000	13.00	13.50	14.00
Macneil & Magor	4000	—	1' 50	14.00
Nag Investment	2000	14.00	14.00	14.00
Panyam Cements	2000	13.50	14.00	—
Parke-Davis	3000	—	—	14.00
Peico	1000	14.00	14.00	14.00
Raptakos Brett	2000	13.00	13.50	14.00
Rollatainers	2000	14.00	14.00	14.00
Sandoz	5000	14.00	14.00	14.00
Siemens	5000	14.00	14.00	14.00
Sipta Coated	2000	13.00	13.50	14.00
Swadeshi Polytex	3000	14.00	14.00	14.00
S&S Bushings	2000	13.00	13.50	14.00
Sanmar Financial	2000	14.00	14.00	14.00
Sundaram Finance	3000	12.00	13.50	14.00
SPIC	3000	—	13.50	14.00
SAIL	2000	11.50	12.50	13.50
Siyaram Silk	3000	12.00	13.00	14.00
Straw Products	3000	13.00	13.50	14.00
Steel Strips	2000	14.00	14.00	14.00
Tata Tea	3000	—	—	—
Universal Luggage	2000	13.50	14.00	14.00
Wipro	4000	—	--	14.00
Zuari	10000	12.50		
	5000		13.00	
	2000			14.00

Cumulative deposit schemes (current for August 1987)

Name of the company	Minimum deposit	Maturity amount	Period (years)	Annual Compound rate of interest (%)
1	2	3	4	5
ACC	3000	4503	3	14.50
Asian Paints	5000	7504	3	14.49
Atash Ind	2000	3036	3	14.93
Apollo Tubes	2000	3022	3	14.75
Bhadrachalam Paperboards	3000	4551	3	14.50
Bata	3000	4503	3	14.90
Carona	2000	3022	3	14.88
Dunlop	3000	4535	3	14.75
Food Specialities	5000	7500	3	14.47
First Leasing	1000	1518	3	14.93
Goodyear	3000	4502	3	14.49
GNFC	3000	4503	3	14.50
Hico Products	3000	4555	3	14.94
Hyd. Allwyn	3000	4530	3	14.73
JK Inds	3000	4500	3	14.47
Jagatjit Ind.	3000	4554	3	14.93
Kirl Cummins	3000	4533	3	14.75
Kothari Orient	2000	3037	3	14.94
Khatau Makanji	3000	4533	3	14.75
Krest Devlpt	1000	1518	3	14.93
Modi Cement	2000	3022	3	14.88
Mazda Leasing	3000	4554	3	14.93
Nagarjuna Invest	1000	1518	3	14.93
Panyam Cement	2000	3036	3	14.93
Peico	3000	4502	3	14.49
Rollatainers	2000	3001	3	14.48
S&S Bushings	1000	1518	3	14.93
Sanmar Financial	2000	3030	3	14.85
SPIC	3000	4530	3	14.73
SAIL	2000	3000	3	14.47
Siyaram Silks	3000	4533	3	14.75
Straw Products	3000	4500	3	14.47
Sipta Coated	2000	3036	3	14.93
Swadeshi Polytex	3000	4533	3	14.75
Steel Strips	2000	3040	3	14.98
Universal Luggage	2000	3036	3	14.93
Western India Ltd	1000	1518	3	14.93
Wipro	4000	6003	3	14.49
Zuari	2000	3023	3	14.76

Note: The list given above is selection of many companies which accept deposits either from their shareholders or from the public. Public companies offer somewhat lower rates compared to many quite sound private limited companies or partnerships. Readers are advised to take suitable professional advice.

Exchange

Foreign exchange

Country	Value of	Rs●
Australia	1 dollar	9.21
France	1 franc	2.10
West Germany	1 mark	7.03
Hong Kong	1 dollar	1.67
Italy	1,000 lira	9.8
Japan	100 yen	8.7
Kenya	1 shilling	0.50
Kuwait	1 dinar	46.2
Malaysia	1 ringgit	5.18
Mexico	100 pesos	0.94
Netherlands	1 guilder	6.02
Nigeria	1 naira	3.37
Saudi Arabia	1 riyal	3.50
Singapore	1 dollar	6.16
Switzerland	1 franc	8.53
UAE	1 dirham	3.57
UK	1 pound	20.90
USA	1 dollar	13.09

● Indicative interbank middle rates as on 3 August 1987.

Courtesy: Honkong Bank

After an initial burst of activity that resulted in a correction of the yen against the EMS currencies, the markets calmed down in what is being described as a classic summer syndrome.

The dollar initially touched a high of 153 yen but then fell back with the news that the US trade deficit for May was £13.6 billion, an increase over the previous month. It provided a convenient excuse for market operators to take profit on short yen long DM positions, which had been established earlier when the fall of the yen had been orchestrated by Japanese officials. Once the correction was over, the markets tended to trade range with the dollar having established itself firmly at higher levels.

Sterling provided a surprise by sliding below $1.60 on a worse than expected trade deficit. This took its toll on the rupee which slid into the low 7.60s.

Importers have been keeping away from booking forward and it would require a sudden weakness of the dollar against the rupee to, say, 7.70 to induce importers to book. Exporters have been cautiously booking. Forward premiums are therefore non-existent for the dollar, with six months forward rates the same as spot rates.

The stability of rates and low forward premiums should encourage the locking in of costs and not lull importers into complacency.

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GA packs have a highly efficient air/oil separation system which ensures outlet air does not contain more than 3 ppm of oil. The integral after-cooler cools air to 10°C max above ambient for air-cooled units and 7-10°C above water inlet temperature for water-cooled units.

GA packs incorporate easy-to-read control panel, have fewer moving parts and are easy to maintain. This makes GA packs simple, reliable and trouble-free compressed air packages.

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And, Atlas Copco products are backed by an efficient spares and service network across the country — whenever you need it.

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GA 1107 W Pack	FAD 17 m³/ min @ 7kg/cm² (600 cfm @ 100 psig)
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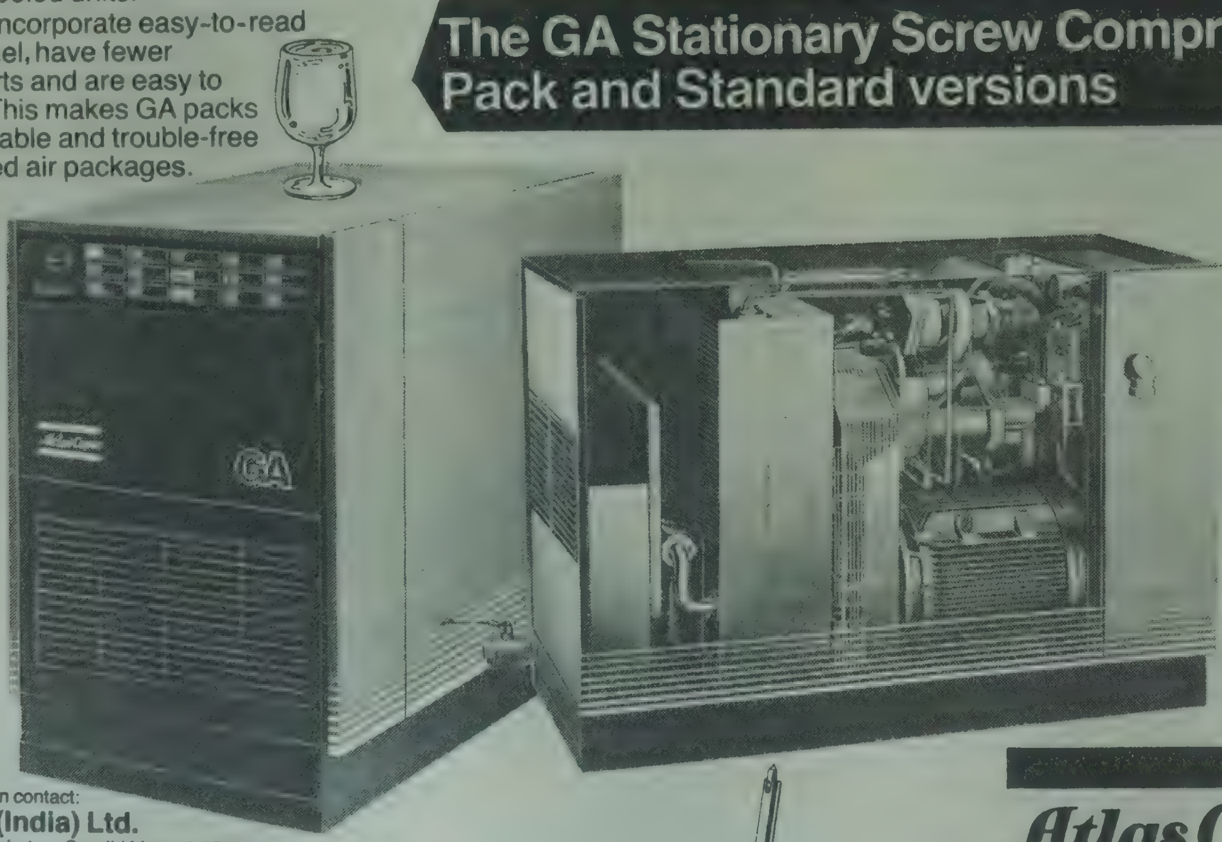
The GA Stationary Screw Compressor Pack and Standard versions



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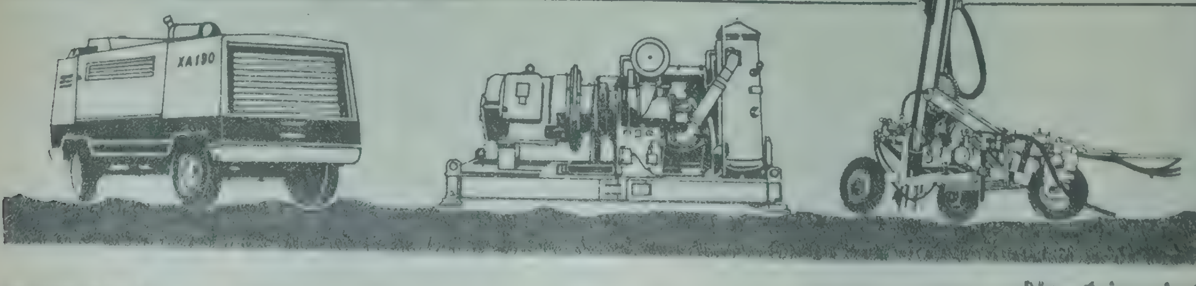

CHAITRA S A

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Investor Contest

Issue No. 246

Now, the good news...

After a long gap of six months, we have winners for the investor contest (IC 243) — two winners, both residents of Bombay.

The Rs 5,000 prize will be shared by Ms S. M. Shah, 52, and Dr S. V. Rao, 33.

We hope many more readers are around for an encore in the forthcoming contests.

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 4 September, 1987, and send in your entry by 25 August, 1987. The winner, in accordance with the rules printed below, will get a prize of Rs 5,000. In the event there is no winner, the prize will *not* be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs 5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will *not* be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 4 September 1987, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 4 September, 1987, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 25 August, 1987.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday 31 July 1987 (Rs)	Variations permitted from correct price upto (Rs)	Prices as on Friday, 4 September 1987 (Please fill) (Rs)
ACC	Bombay	166.00	4.00	
Bombay Dyeing	Bombay	92.00	3.00	
Bajaj Auto	Bombay	4625.00	8.00	
Century Spg	Bombay	690.00	6.00	
Reliance	Bombay	125.00	4.00	
Tata Chemicals	Bombay	70.00	3.00	

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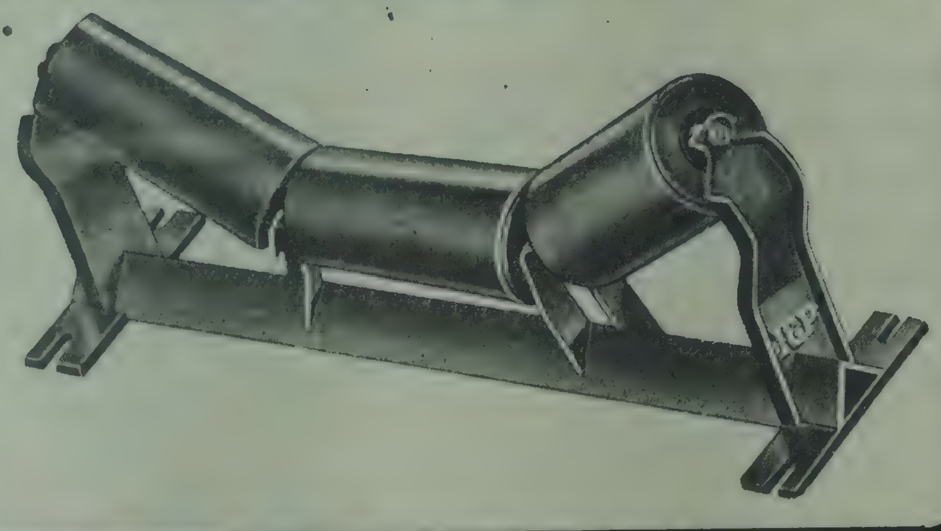

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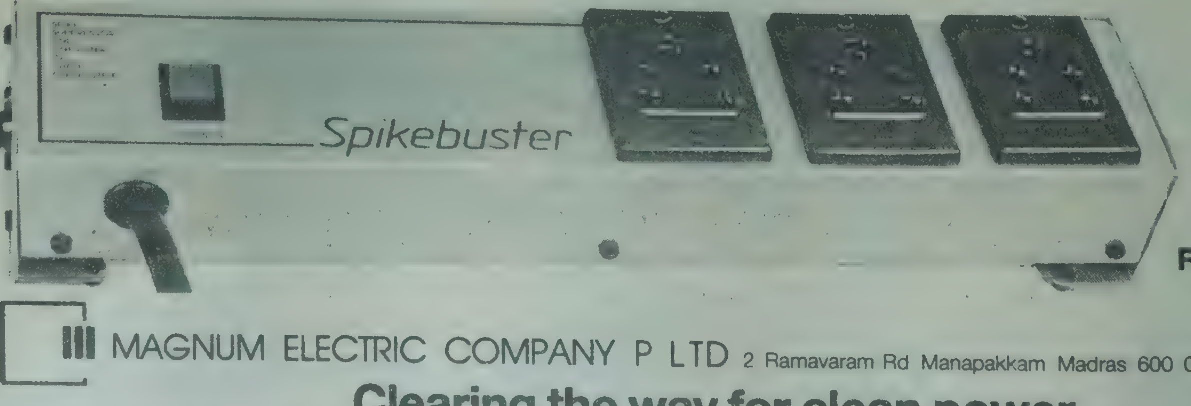

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Professional Profiles

Riding the fast track

Ajit B. Mantagani *is vice-president, ceramics, E.I.D. Parry (India) Ltd and vice-president, engineering and medicare, at Parrys Co Ltd.*

At 39, Ajit Bhupalrao Mantagani has reached the upper echelons of the 200-year-old Madras based E.I.D. Parry (India) Ltd. "My career has been meticulously planned, involving very deliberate moves," he says.

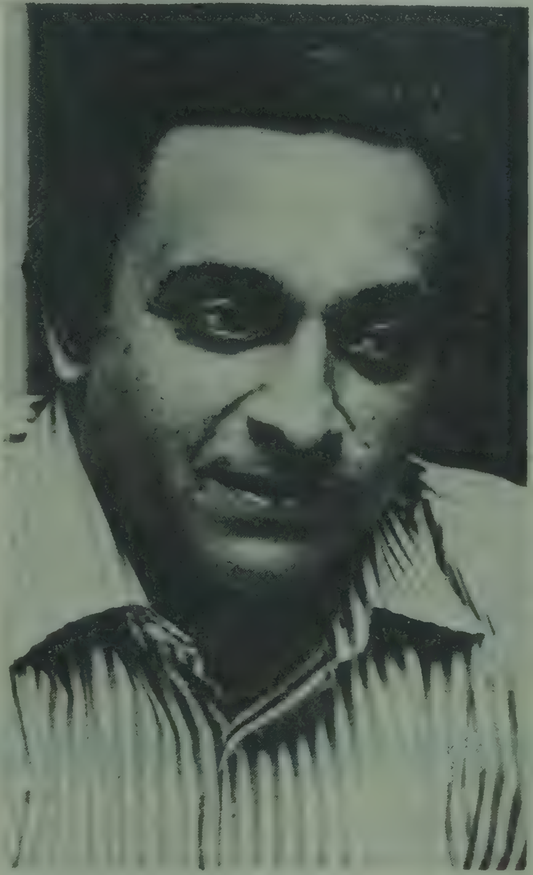
A chemical engineer from the Chemical Engineering College at Suratkal, Mantagani graduated from IIM, Ahmedabad, in 1972. Immediately thereafter, he joined Asian Paints as a management trainee. His first important posting was as branch manager at Bangalore.

Changes initiated. "I inhereited a situation of declining market shares and a demoralised group of individuals," he recalls. Asian Paints was one of the first companies to recognise MBAs as an important resource. In the mid-seventies, the company employed almost 125 MBAs. In this MBA-dominated company, Mantagani initiated changes in the personnel and HRD policies to create growth opportunities for non-MBAs.

With the creation of a high performance team, the branch's turnover doubled within two years. This achievement propelled him on to the fast track. In 1975, he was promoted as regional manager for the north and east, and in January 1977, he took over as the all India sales manager.

At Asian Paints, says Mantagani, "I infused a marketing orientation from the earlier sales orientation by shifting in favour of data based decisions and concentrating on planning for periods of three to four years." Asian Paints was already the leader in the paint industry. Nevertheless, the sales operations were reviewed, and the weak and difficult markets of the north and the east were toned up. Changes were effected in the pricing while the distribution network was expanded and incentives were introduced for the field representatives.

Despite the challenging work atmosphere, Mantagani resigned in July 1979 to join Comcraft, belonging to the Chanderias, a low profile multinational, multiproduct group with its base in the UK. "I wanted the challenge of managing a profit centre," he explains.



At 39, Ajit Bhupalrao Mantagani has reached the upper echelons of the 200-year-old Madras based E.I.D. Parry (India) Ltd. "My career has been meticulously planned, involving very deliberate moves," he says. A chemical engineer, Mantagani graduated from IIM, Ahmedabad, in 1972

Multinational exposure. The Chanderias had interests primarily in aluminium, steel, downstream products based on these metals, building and architectural materials and were manufacturer-marketers, not traders. Comcraft posted Mantagani as general manager at Apex Paints in Nigeria. "The assignment was interesting because I had to set up a 4,000 tpa paint plant near Lagos," he says. The plant was a commercial success and established itself in a market dominated by Berger, ICI and International Paints, within two years. The group encouraged life-time employment, but in early 1982, personal reasons compelled Mantagani to return to India.

Fortunately, he was offered a position as general manager, marketing, at Berger Paints. During his tenure, Berger moved up from the fourth to the second position in the industry "My primary contribution consisted of translating a well thought out and aggressive corporate marketing strategy to a specific and workable action plan for the field personnel and the trade," he observes. Thanks to a strong marketing drive, Mantagani was able to introduce successfully a unique brand called "Vinyl" meant for the economy wall-finish market, hitherto dominated by Asian Paints.

In October 1985, Mantagani was asked by M. V. Subbiah, vice-chairman and managing director, of E.I.D. Parry (India) Ltd to take over as vice-president, ceramics. Though personal reasons played a part in inducing him to come south, the challenge of joining the company when a turnaround was being effected, a crucial point in its history, was a motivating factor.

Image regained. The company re-entered the dividend list after a decade, following a series of revitalising measures. "We have now regained our image and lost markets in ceramics with the changes effected in the product range and quality," claims Mantagani. A new sanitaryware range called Parryware Cascade has just been launched. The factory was also modernised recently.

Within a period of nine months, in July 1986, the management asked Mantagani to take over as vice-president, engineering and medicare, of Parry and Company Limited as well. "E.I.D. Parry, with interests in fertilisers, sugar, ceramics, etc, was already on the mend when I joined the team, but at Parry & Co, which is a trading company, the intensity of the problems, even now, is greater," he says. The emphasis is now on improving the prospects for this company. The strategy involves making it less unwieldy by rationalising its businesses.

Attention is also being paid to restructuring Parry and Company and Mantagani's major contribution has been in this area. "The entire region-based structure, with four zonal managers handling all products, has been discarded in favour of a structure wherein an individual handles the nationwide sales for each product," explains Mantagani. He expects a definite turnaround within the next 12 months. "The staff has to be oriented towards the change in the organisational culture, from a warehousing and trading culture to a marketing culture," he adds.

Mantagani is also the co-ordinator for the group's bicentennial celebrations. "This occasion will be marked by a marketing repositioning of the various products," he explains. A new culture has been evolving and a conscious effort will be made to project Parry in the right perspective during the bicentennial, to be celebrated next year. This involves interaction with the vice-presidents and senior executives, a task which Mantagani enjoys.

As for long term plans, after a career as a professional manager, Manatagani hopes to teach and write on management, based on practical experience, and perhaps enter public life as well. For the present he remains an intensely 'private' person, spending as much time as he can manage with his family.

DHARANI K. PANI

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FOR: Senior and middle level executives, line managers, industrial relations managers.

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asian

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Insider's insights into ads

WORLD ADVERTISING REVIEW 1986/87, MODERN PUBLICITY, VOLUME 55

Edited by Philip Kleinman

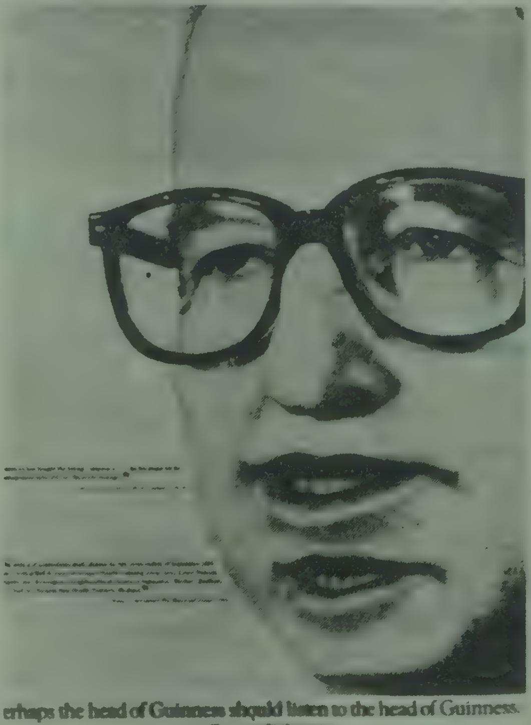
Casell Ltd, UK, £25

This glossy, slick and absorbing annual review includes colour reproductions of 425 entries in its 1986/87 volume. These have been selected by editor Philip Kleinman on a worldwide basis and put in product categories for easy reference, eg finance, corporate, automobiles, jewellery and watches, computers, etc.

Apart from marketing directors, brand managers, art directors, advertising professionals, even lay persons would find it of value since each entry has the astute and entertaining comments of Kleinman. He has edited this international annual for three years now and will edit the forthcoming one too. He is a journalist and has worked for Agence France Presse in Paris and the *Daily Telegraph* in London. Besides, he helped launch *Campaign*, the British advertising trade magazine, and was later editor of *Adweek*, the rival. *Advertising Inside Out* released in 1977 and *Market Research — Head Counting Becomes Big Business* released in 1985 have both been seen in Indian book stores.

The author's brief comments — now critical, now laudatory, or simply explanatory — can enhance the reader's understanding of visuals and copy. An eye-catching entry is that of the Argyll group, created by Saatchi and Saatchi Compton, London, at about the time when UK saw a spate of takeover bids. It features a visual of Ernest Saunders, chief executive of Guiness, trick photographed with two mouths and captioned "Perhaps the head of Guiness should listen to the head of Guiness." This was a barb aimed at the alleged inconsistency of Guiness. At that time, the copy caused much controversy and the City of London's Takeover Panel had tried to intervene to curb the release. Kleinman's comment: "Dealing hard knocks to companies on opposing sides of takeover battles."

Kleinman has included several Indian entries too. These include the creations of Lintas, Clarion, Sista's, Enterprise, MAA and Frank Simoes. Simoes' Raymond ad, for instance (entry 75), shows a handsome model standing in a theatre lobby, at the foot of a spiral marble staircase, with other elegantly coiffured and dressed people descending along a red carpet. Says Kleinman, "The brand name (Raymonds) is tucked away on the 'theatre poster' at the back of the picture. Carefully composed advertising pictures are too often spoiled by sticking the brand name too prominently over them. Many advertisers, of course would worry if they thought readers were likely to miss seeing their name altogether."


erhaps the head of Guinness should listen to the head of Guinness.

Using trick photography effectively

This glossy, slick and absorbing annual review includes colour reproductions of 425 entries. These have been put in product categories for easy reference, eg finance, corporate, automobiles, jewellery and watches, computers, etc. Apart from marketing directors, even lay persons would find it of value

The Japanese, Finnish and Danish ad entries selected come alive with Kleinman's explanations of the copy: market aimed at, purpose, impact, and often, the weak points too.

Kleinman's introduction also features a general overview of the advertising industry. He says, "Most dramatically, the London-based Saatchi & Saatchi bought Ted Bates, as well as some small agencies in both the US and UK, to become the world's biggest advertising agency. At roughly the same time, a three-way merger brought together three New York based agencies, BBDO, Doyle Dane Bernback and Needham Harper Worldwide, in a group slightly smaller." He follows up with, "These changes, exciting as they have been for advertising professionals, have all been of a financial nature. There has been no comparable upheaval in the way ads are created. No creative revolution of the kind led more than 20 years ago by the late Bill Bernbach. 'Who bought what?' became the main question in 1986 rather than 'who has done what?'

The rest of the book is devoted to the ingenuity and originality of particular creative teams. Thus, small regional agencies in the US find a place in the book as do newcomers like Collin of Gothenberg, Sweden. Clarifies Kleinman, "The bias of this book, being international, is towards the visually rather than the verbally inventive". Everest Bombay's Trade Wings ad, cheeky and informative, is mostly copy. On the other hand, FCO London's ad, that won a gold award at an interntional advertising festival in New York, has no copy. It shows the wily coyote stumped once again because the road runner has escaped, using Nike sports shoes.

There are racist ads and sexist ads, grotesque ads and elegant ones. The most intriguing one is Heineken's beer, created by Lowe Howard-Spink Marschalle of London. The entry features a black and white photograph of a news story with a scantily clad young lady and a caption saying, "Carling...cooling glass of rival brew." The news story's headline is, "Black mark for heiress Carling." It seems that Carling Bassett, a Canadian brewery heiress, (Heineken's major UK competitor is Carling Black Label) was in London for the Wimbledon tennis tournament, and was reportedly seen drinking Heineken. Alert British copywriters on the Heineken account spotted this item about Bassett and the ad copy thus reads, "Heineken refreshes the parts Daddy's beer cannot reach" — a takeoff on the usual Heineken ad line which reads, "Heineken refreshes the parts other beers cannot reach."

It is not all consumer goods and affluence. There are entries for anti-cancer, envirionmental awareness, road safety, telephone counselling for potential suicides, and Alcoholics Anonymous. There is also an entry, with strong visual impact, from a German voluntary body of concerned citizens inviting readers to question technological progress and its impact on society.

All in all, the review provides a very interesting education in advertising.

ARUN BHATIA

Executive Ladder

S. V. MONY has been appointed managing director, General Insurance Corporation of India.

K. K. JOSEPH has joined Bongaigaon Refinery & Petrochemicals Limited as director (personnel).

P. B. GHOSH has been appointed deputy managing director, CESC Ltd.

S. JAGANNATHAN has taken over as director (finance), National Mineral Development Corporation (NMDC), Hyderabad.

G. K. PUROHIT has taken over as general manager (operations), State Bank of Bikaner and Jaipur.

K. L. MAGON has taken over as general manager (inspection and finance), State Bank of Bikaner and Jaipur.

KAILASH NATH BAQAYA has become deputy general manager (PR), Indian Oil Corporation.

J. K. TANDON has joined the board of directors, Sunflag Iron & Steel Company Ltd.

SUMAN GHOSH has been appointed managing director, B&A Sacks Ltd.

N. S. SADAWARTE has been re-nominated to the expert advisory committee of the FAO.

R. N. TANDON has taken over as deputy general manager, State Bank of India, regional office, Shimla.

MADAN MOHAN VAISH has taken over as general manager (planning and development), State Bank of Saurashtra.

PETER WOLF is to head the India operation of Swissair.

ASSOCIATIONS

ADITY SYAM has been elected president, Public Relations Society of India.

HARISH KAPOOR has been elected president, Delhi Advertising Club, for 1987-88.

B. P. DHANUKA has been elected vice president, Calcutta Chapter, Institute of Internal Auditors, Florida, for 1987-88

AMITAV KOTHARI has been elected senior vice-president, Merchants' Chamber of Commerce, Calcutta.

M. L. BHAKTA has been appointed chairman, Taxation Law Standing Committee, LAW ASIA.

ARUN SANGHI has been elected chairman, Automobile Dealers Association of Maharashtra Limited, for 1987-88.

RAGHUNATH DEY has been elected president, Bharat Chamber of Commerce, Calcutta, for 1987-88.

MANUBHAI J. SHAH has been elected chairman, Industrial Diamond Association of India.

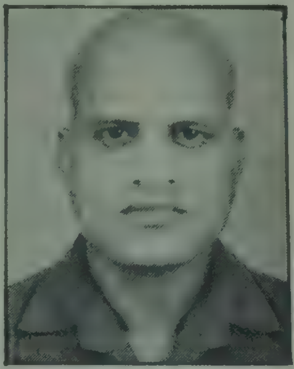
E. V. MANI has been elected to the board of directors of the Institute of Internal Auditors, as India regional director.

SATISH KUMAR CHHABRA has been elected to the board of directors of The Institute of Internal Auditors as district director for India.

RAMMOHAN BIDAWATKA has been elected president, KAMA (Kalyan Ambarnath Manufacturers Association).

SHEREYAR D. VAKIL has taken over as vice president, medical systems, IGE (India) Ltd.

G. C. MUKERJI has taken charge as general manager, United India Insurance Company Ltd.



V. P. GOYAL has been appointed vice president, legal and company secretary, Apollo Tyres Ltd.

H. R. ALVA has taken over as director, personnel, HMT, at the company's corporate office.

Business India

National Executive Appointments

Reader Service

Senior executive positions

A combilation of executive positions advertised in Business India **and other major publications from all over India between 20 July and 2 August 1987**

West

GEN MNGR • Bombay • *Sal* Rs 100,000 • *Age* 35 yrs • *Qlfn* MBAs • *Reqd* 10 yrs in frdng/mktng, 3 to 5 at snr lvls in rptd cos. • *Resp* devp trdng/agncy biz areas, lng·trm prftblty • *Cont* aBox R 145. S, Times of India, Bombay 1 (TOI-20.7)

SR VICE-PRES (Tech) • Hazira (Guj) • Sal exclnt + prks • *Qlfn* grad/PG in met/mech engg. PG in mngt • *Reqd* 20 yrs expr in maj stl+rltd inds — 5 yrs in proj implmnt • *Resp* Pln + implmnt the proj + hd prft ctr of mfg oprtns • *Cont* The Dir, Essar Steel, 13th flr, Maker Chambers, No. IV, Nariman Point, Bom 21/H-30.7

MNGR (Mtrls) • Patalganga (Mah) • *Sal* Rs 85,000 + hsg + bnfts • *Age* 40 yrs • *Qlfn* BE, pref with prfssnl deg/depl in mtrls mngmnt • *Reqd* 15 yrs in indus, min 5 in mngrl pos in rptd petrochem/chem/prcss indus • *Resp* Prchses, stores, DMT dsptch fncns, prctmnt of RM, eqpmnts, spare parts & cnsmbles, stores mngmnt, invntry cntrl, DMT wrhsng & dsptch, undr devp, etc • *Cont* The Chief Personnel Manager, Bombay Dyeing, Neville House, J. N. Heredia Marg, Ballard Estate, Bombay 38 (TOI-20.7).

MNGR (lgl & txtn) • Bombay • *Sal* Cmmnsrte wth qlfn/xprnce • *Age* 35 yrs • *Qlfn* CA/CS • *Reqd* Fmlrty wth vrs lgsltns in gen/slstx mttrs + knwlj of vrs lgl rles/prcdres rltd to revry of otstrdrgs • *Resp* Dl with sls tx attrts • *Cont* Deputy General Manager (Personnel), Orson Electronics Ltd. Plot No. D-10. Street No: 21, MIDC. Andheri (E). Bombay 93 (TOI-20.7)

North

CHIEF EXEC • UP • *Sal* Excllnt + prks • *Age* 25-45 yrs • *Qlfn* NS • *Reqd* exp & sklls in fin & accnts, cmmrcl fincs & admin • Resp Tecno-commrcl resp for div on peft cntre bss • *Cont* (CE/CAL/2337) Personnel Selection Division, ABC Consultants Pvt Ltd. 43/3 Hazra Road, Calcutta 19 (BI-27.7.)

DIR (Mrktng) • New Delhi • *Sal* NS • *Age* 40 yrs • *Qlfn* MBA • *Reqd* 10-15 yrs exp, sklld in mrkt res, nw mrkt devp, lng rnge plnng & wrkng cptl mngmnt • *Resp* prd advty in trms of cstmr srvce, sls vols, dstrbtn. impttve pstres & rel to chnngng tchnlgy. Cncptlse & implmnt advtsng & prmtn strat • *Cont* The president, Pioneer Seed Company Ltd. A-311, Ansal Chamber No. 1, 3 Bhikaji Cama Palace, New Delhi 66 (BI-27.7

GEN MNGR • New Delhi • *Sal* Rs 1,00,000 p.a. • *Age*: 45 yrs • *Qlfn* Engg grad • *Reqd* pwn trck rcrd in indpndntly mngng a lght engg unt of reptd ind hse with ovrll exp of 12/15 yrs incl 5/7 yrs at the hlm • *Resp* cmplte manuf oprtns plus admin of plnt. sccssfl implmntn of proj excllnce in qntty & qlty prodn, mntng hrmns indstrl rels, cst cntrl & ldng tm of prfssnl mngrs • *Cont* The Deputy Gerneral Manager (Personnel), Hero Cycles Pvt Ltd, Hero Nagar, G T Road, Ludhiana 3 (BI 27.7)

GEN MNGR • near Delhi • *Sal* attr + neg • *Age* 40 yrs • *Qlfn* deg/dip in dairy engg/fd tech • *Reqd* exp in smlr cap in dairy/cnsmr prod indus • *Resp* rnng of ultra-mod cont press mfg plnt for fruit jucs in asptc pckgng • *Cont* Box 412101, Hindustan Times, New Delhi 1/HT-27.7

GEN MNGR • N. India • *Sal* attr + prks • *Qlfn* MBA + electrncs engg deg • *Reqd* 8-10 yrs exprn in mrktng +mnfc of elctrn hme applnc • *Resp* Sprvse fctry bldng + cnstrctn + orgnse proj implmntn progs • *Cont* E-202, Naraina Vihar, Delhi 28/HT-28.8

GRP GEN MNGR (Fin) • Delhi • *Sal* neg + prks • *Age* 45 yrs • *Qlfn* CA + MBA • *Reqd* rel exp • *Resp* cntrlng fin, eval invstmat opp, asstng invstmnt dec. Frmltng + mon accntng, MIS + bdgtng sys • *Cont* Prsnl Selection & Devp Pvt Ltd, 50 Anandlok Colony. Delhi 49.

East

CHIEF EXEC • Calcutta • *Sal* neg + prks • *Age* 38-45 yrs • *Reqd* tm ldrshp sklls, mrktng & sllng exp of fst-mng brnd prods, gd admin cpblty • *Resp* ttl techno-cmmrel resp on a prft cntre bss • *Cont* (CEFG/CAL/2340) B. P. Agrawal, Chairman, C/o ABC Consultants Pvt Ltd, 43/3 Hazra Road, Cal 19 (BI-27.7)

CHIEF EXEC • Eastern India • Sal attr • *Age* 40-45 yrs • *Qlfn* NS • *Reqd* Hrd cre manuf exp in lght/med engg ind, pref in mss prodn, wth snd tchno/commrcl snse, expos to all flmc areas of mngmnt & ablty to ld & mtvte tm of prfssnls twrds ambts conp gts. • *Resp* fr prftblty & grwth of unt • *Cont* (CEI/DEL/2711), V. S. Gurumani, General Manager, C/o, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 19 (BI-27.7)

VICE PRES (Fin) • Cal • Sal attr • *Age* mid 40s • *Qlfn* CA • *Reqd* prvn trck rcrd in finc areas, 5 yrs exp as prt of meti-dscplnry snr mngmnt tm • *Resp* co-ordn wth various finc vice-prsdnts. Fin mngmnt & cntrl, use intractn in rspct of mjr tndrs, prodn & invntry rslts • *Cont* Lovelock & Lewes, MCS 711, Everest, 15th floor, 46C Chowringhee Calcutta 71 (BI-27.7)

South

GEN MNGR (Stl Fndry) • Coimbatore • *Sal* Rs 120,000 pa • *Age* 40-45 yrs • *Reqd* exp in metlrgy & methdng 15 yrs exp with alloy/spcl stl cstngs — 5 yrs in sr pos • *Resp* devp fndry hndlng tech, fin, admn aspcts • *Cont* The Director, G. K. Alloy Steels Pvt Ltd, K Vadamadurai, Coimbatore 17/H-21.7

GEN MNGR (Prsnnl) • S. India • *Sal* excllnt + hsg + prks • Age 40-45 yrs • *Qlfn* post grd in prsnnl mngmnt & ind rels, pref lw qlfn • *Reqd* 15-20 yrs rel exp, pwr trch rcrd of hndlng ind rels & prsnnl funcs sm wls in manuf orgns of rpte knwldg of Mlylm/Tml/essntl • *Resp* mnpwr trng, tertmnt, HRD, mid rels, lsn wth govt, etc. Emphs on mntng hrmns lbr rels envrnment fr incrsd prdctvty • *Cont* (GMP/MDS/1402) Personnel Selection Division, ABC Consultants Pvt Ltd, 4 Jagannathan St, Madras 34 (BI-27.7)

VICE PRES (Fin) • Hyderabad • *Sal* attr • *Age* 35-40 yrs Qlfn CA cst acct/MBA (fin) • *Reqd* 15 yrs exp, 5 as hd of the fin finc of lrg co. Exp wth cmptrsd accntng & MIS essntl • *Resp* fin frms incl accntng, txtn, intrnl adt, etc. Also fr all lgl & scrtrl fincs of co, arrngng fnds frm fin insttns, bnks, mrkt & ensrng effctve utlstn. Also reqd to instl snd systm of bdgtng, cstng & MIS. • *Cont* Managing Director, Apex Management Consulting Group (P) Ltd, C-1 Rams Square, 2 Village Road, Madras 34 (BI-27-7)

GEN MNGR • Trivandrum • *Sal* Rs 4,000 neg • *Age* 40 yrs • *Qlfn* deg/dip in offset prntng tech OR deg in engg. Pref PG in buss admn/indus mngt • *Reqd* 10-12 yrs exp, 3-5 yrs in sr pos in rep prntng inst OR 5 yrs exp in mngng offset prss • *Resp* TK chrge of + prvd gdnce to unit • *Cont* K. P. Joseph, Dir of Prntng & Statnry, Government Central Press, Trivandrum 1/H-30.7

Overseas

GEN MNGR (Mrktng) • UAE • *Age* 40-50 yrs • *Reqd* 10-15 yrs exp in gen mngt, mrktng + cmmrcl asp of buss. Cement ind exp pref. Overseas exp pref • *Cont* The mngr, M/s West Asia Exports Imports (P) Ltd, 5 Moores Rd, Madras 6/H-26.7

BI = Business India, H = Hindu, HT = Hindustan Times, IE = Indian Express, S = Statesman, TOI = Times of India.

Executive positions

West

MNGR (Electrncs & instrmntn) • Western India • *Sal* Attr+HRA+car+bnfts • *Age* NS • *Qlfn* BE (Electrncs)+PG qlfns+spclsd trnng • *Reqd* 10 yrs in lrge rptd engg co with lrge no of cnc machs • *Resp* ld tm of enggrs in instlltn, commssng/maint of CNC machs & sys, sphstctd electrncs, elctrnech instrumnt • *Cont* Box 1265, Times of India, Ahmedabad 9 (TOI-20.7)

MNGR (Plnt engg) • Ankleshwar (Guj) • *Age* 34-38 yrs • *Sal* Attr+hsg (in Bbay) • *Qlfn* BE (elc+mech+instrmntn) • *Reqd* 8-10 yrs in chem/ptrchem indus • *Resp* Oprtuns/maint of cntrl rm prtd chem/ptro chem plant, wth mdrn utlty eqpmnt corrng stm trbnes, air ejctrs, hi-temp htrs etc. • *Cont* The Personnel Manager, Asian Paints (India) Ltd, LBS Marg, Bhandup, Bombay 78 (TOI-21.7)

MNGR (Ancllry/devp) • W. India • *Sal* Attr, neg. • *Age* 35 yrs • *Qlfn* mech/met engg deg • *Reqd* 10-15 yrs exp — 5 yrs in sr mngrl pos in anclry devp of auto indus devp of anclry for indgnstn. Lsn with dsgn QC, mfg etc. • *Cont* A.F. Ferguson Assoc, Apeejay Hse, 5th flr, Block B, 15 Park Street, Cal 16 (H-2.8)

North

MNGR (Mktng) • Delhi • *Sal* Neg • *Age* NS • *Qlfn* Grad, pref wth PG deg/dipl in biz mngmnt • *Reqd* 10 yrs in mktng, min 4 in mktng of cnsmr prods, pref in food prods • *Resp* NS • *Cont* Manager (Staff & Development), Duncans Tea Ltd, 4, Fairlie Place, Calcutta 1 (TOI-24.7)

CHF MNGR/Wldng/mtllrgy • Bharatpur (nr Delhi) • Sal Attr • *Age* NS • *Qlfn* Deg in mtllrgy &/or mstrs deg in wldng tech • *Reqd* 8-15 yrs in hvy engg, fbrtn wrks, wldng rsrch or cnsltncy orgs • *Resp* Ovrsee wldng/mtllrgy at plnt invlvng vrstle rnge of mtrls of cnstructn and wldng pressto intl codes & specfctns • *Cont* The Personnel Manager, Cimmco Ltd, ECE House, 28-A Kasturba Gandhi Marg, New Delhi 1 (TOI-24.7)

MNGR (Prod) • Delhi • *Sal* attr • *Age* 30 yrs • *Qlfn* 1st clss deg+MBA • *Resp* asst in frmltng mrktng plns, prmotnl+advrtsng strats for imprvng mrkt shre of extng/new prod. Mrkt rsrch • *Cont* Grp Mngr (HR) Rallis India Ltd, 21 Damodar Sukhadvala Marg, Bom 1 (HT-24.7)

MNGR (Maint) • Vidisha (MP) • *Sal* Attr • *Age* NS • *Qlfn* BE (mech) • *Reqd* 7 yrs in smlr capacity, pref wth xprnce in edble oil prcssng or food or chem indus • *Resp* Smth oprtns of all utlty eqpmnt/plnts like coal fired boilers, coal hndlng eqpmnt, elec dstrbn ETPs etc. • *Cont* The General Manager, Soya Division, Brittannia Industries Ltd, Sanchi-Vidisha Road, Vidisha 1, MP (TOI-25.7)

MNGR (R&D — orgnc chem) • Gajraula (near Delhi) • *Sal* attr+prks • *Age* 35-40 yrs • *Qlfn* MSc (orgnc chem)/M.Tech (Chem/polymer tech+PhD • *Reqd* 10-12 yrs exp in resrch in chem orgnstn or rsrch inst • *Resp* ldng tm of rserchrs • *Cont* Corp Plnng Mngr, Vam Organic Chem Ltd, 3rd flr, Skyline Hse, 85 Nehru Place, Delhi 19 (H-1.8)

MNGR (Proj) • Chandigarh • *Sal* neg • *Qlfn* civ engg • *Reqd* 10-12 yrs exp in cnstrctn of multi-storyd bldngs, rds, brdgs, swrge/wtr spply wrks, 3-4 yrs exp in Rs 1 cr proj • *Cont* E.R.N.S. Sodhi, Chrmn, S A Builders Pvt Ltd, Sco No 11A-12 Sector 7-C Madhya Marg, Chandigarh 19 (HT-2.8)

East

MNGR (Sls, dstrbtn) • Calcutta • *Sal* Attr • *Age* 33-40 • *Qlfn* NS • *Reqd* Prctcl xprnce in dstrbtn ofcnsmr prods, pref with knwlg of Calcutta mkt • *Resp* Frmttng xctng sls & dstrbtn strats, crte xcllnt dstrbtn sys, mkt/dlr devp, sls prom, prod lnch, etc • *Cont* B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 19 (TOI-20.7)

MNGR (Prdn) • Balasore, Orissa • *Sal* attr • *Qlfn* grad in ceramics • *Reqd* 15 yrs exp — 5 yrs in cntrl of sntrywre unt • *Resp* prodn trgts + QC • *Cont* (RS 475) Sigma Consultants Pvt Ltd, 11 Camac Street, Calcutta 17/H-24.7.

South

MNGR (Mktg — pharma) • Hyderabad. • *Sal* Rs 100,000+prks • *Qlfn* MBA (mktg) • *Reqd* 5-7 yrs in mktng pharma in smlr pos. • *Resp* Plng frm incptunl, stge, rctmnt, trnng, orgnsng, dstrbtn ntwrks, ident/lnch nw prods • *Cont* Box R 147-S. Times of India, Bombay 1 (TOI-20.7)

MNGR (Wrhsng) • Hyderabad • *Sal* attr + bnfts • *Age* 30-35 • *Qlfn* Grad (comm/sc) pref with PG dipl in mtrls mngmnt • *Reqd* 5 yrs in smlr post or snr sprvsry lvl, pref in pharma co • *Resp* mngmnt of wrshsng oprtns in fctry invlvng pharma raw mtrls, fnshng sppls, engg itms, etc • *Cont* The Director (Human Resources, plant), Warner-Hindustan Ltd, Warangal Road, Uppal, Hyderabad 39 (TOI-22.7)

MNGR (Prdn) • Pondicherry • *Sal* Rs 30,000-36,000 pa + prks • *Qlfn* fd technlst • *Reqd* 5-7 yrs exp in bsct/cnfctnry mfg co pref expsre to R&D in fd prcssng • *Cont* (PM) The MD, Chicko Foods Ltd, 1-C Chola Apts, 12, Thiruveedian Street, Gopalapuram, Madras 86/H-24.7

MNGR (Cmmrcl) • Madras • *Sal* neg • *Age* 35-40 yrs • *Reqd* 5 yrs exp in smlr pos in rep co fmlr with cmptrsd mtrls mngt sys • *Resp* all cmmrcl func incldng prchse of raw mtrls • *Cont* (CM/54) Mahajan Engineer, 704 Raheja Centre, Nariman Pt, Bom 21/H-24.7

MNGR (Mktng — pharma) • Madras • *Sal* neg • *Age* 32-37 yrs • *Qlfn* grad, pref PG in mgt • *Reqd* 10 yrs of mrktng exp — 3 yrs as sls mngr/reg mngr in rep pharma co • *Resp* devp + implmnt strat to devp mrkt • *Cont* Box No 6803, C/o The Hindu, Madras/H-2.8

ABC's major specialisations include Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Systems & Procedures • Materials Management • Organised Cost Reduction • Software Packages • Data Processing • Insurance Consultancy • Computer Feasibility • Project Reports • Socio Economic Studies

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The incumbent reporting to the Vice President will be responsible for day to day operations. He will lead and motivate a team of managers in the areas of Marketing, Engineering, Manufacturing, Purchase, Accounting and Administration for achieving desired results.

Candidates should be Engineering Graduates in Mechanical/Chemical/Instrumentation preferably with Post-Graduate qualification in Business Management having 12-15 years experience with focus on technical marketing, organisational systems and operations. Should have the necessary leadership qualities with 2-3 years of General Management exposure.

The compensation package besides an attractive salary will include other liberal perquisites comparable with the best in the industry.

Apply with detailed bio-data within ten days highlighting achievements and marking envelope & application with job title & code GMT/MDS/1405. ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division
ABC CONSULTANTS PRIVATE LIMITED
4, Jagannathan Street, Madras 600 034. Phone : 470778

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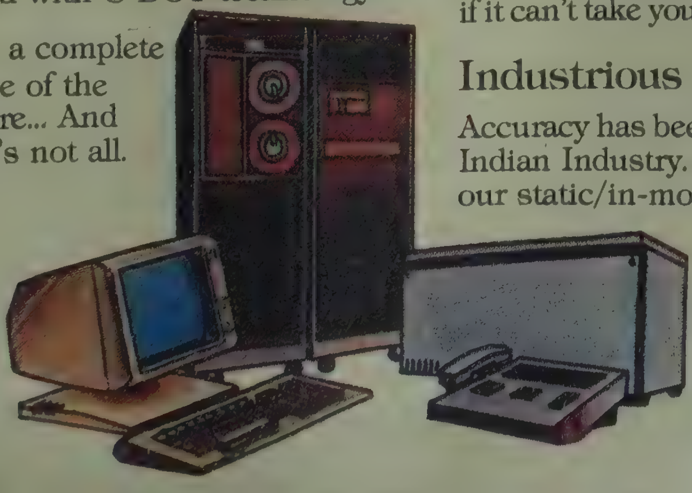

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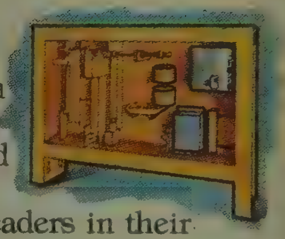

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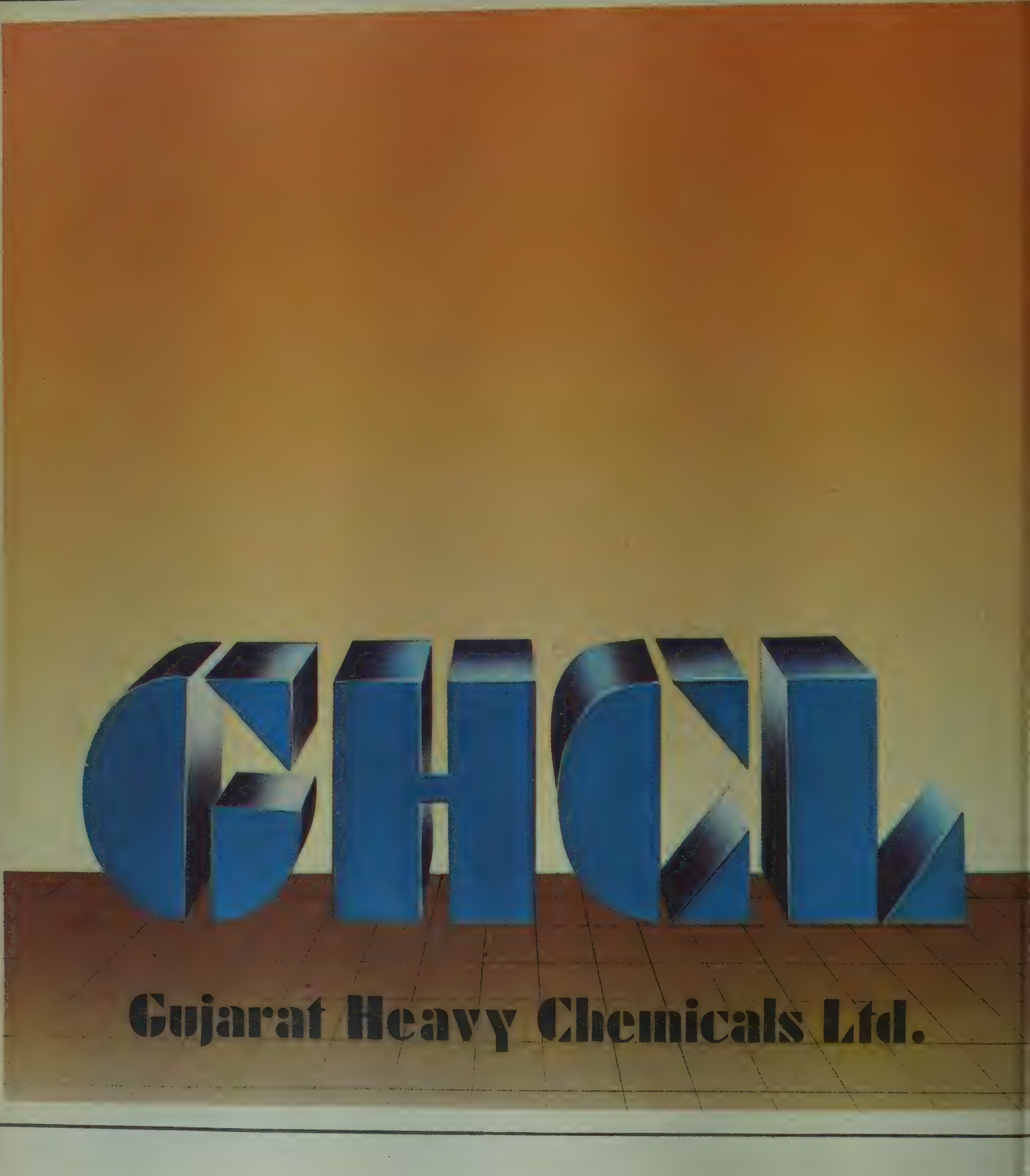
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The Industrial Credit and Investment Corporation of India Limited
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Advisors to the Issue

Bank of Baroda
Merchant Banking Division

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BASICS
- A Rs. 246 crore project promoted by GIIC and DALMIAS — eminent promoters of several large ventures.
- A highly cost-efficient, automated 1200 tonnes per day Soda Ash plant providing unmatched economies of scale with the largest stream designed capacity in the country.
- Production by 4th quarter of 1987.

TECHNOLOGY
- State-of-the-art proprietory 'dry-liming' technology from world renowned AKZO ZOUT CHEMIE of Netherlands.
- Critical equipment from KLOCKNER INDUSTRIE ANLAGEN, West Germany — world leaders in chemical plants.
- 'Perfect Energy Balance' between steam and power, resulting in lower energy costs.

MARKET
- Assured market : demand continuously growing at a compound rate of 9% p.a. over the last 30 years.

RESOURCES
- Abundant and captive reserves of all major raw materials in the vicinity of plant.
- Doubly assured power supply — captive 11 MW power generation plus 100% standby arrangements.

BENEFITS
- 'Pioneer Status' entitling Sales Tax exemption for 14 years yielding a benefit of over Rs. 70 crores.
- Backward Area Tax benefits to the Company.
- Section 80 CC, 80 M and Wealth Tax benefits.
- Easy liquidity — initial listing at Ahmedabad, Bombay, Calcutta and Delhi Stock Exchanges.

Public Issue of 3,52,50,000 Equity Shares of Rs. 10/- each for cash at par

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Sobhagya/142/87

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Appointments

ESSAR

Project : **Rs. 250-crore Gas-Based Hot Briquetted Sponge Iron Plant**
Location: Hazira, Dist. Surat, Gujarat.

Personnel Requirement:

SENIOR VICE-PRESIDENT (TECHNICAL) Code:SPI-8
To plan and implement the project and subsequently head the profit centre of manufacturing operations including maintenance and quality control.
Qualification: Graduate/post-graduate in Metalurgical/Mechanical Engineering with post-graduation in Management.
Experience: Approximately 20 years in major steel and related industries including 5 years in project implementation.

VICE-PRESIDENT (PRODUCTION) Code: SPI-9
To take overall charge of manufacturing operations consisting of 2 modules of a Direct Reduction Plant, Gas Reformers and allied equipment.
Qualification: Graduate/post-graduate in Metalurgical/Chemical Engineering.
Experience: Approximately 20 years, preferably in fertilizer/DRI plant of which at least 5 years should be in a senior level in production side.

VICE-PRESIDENT (MAINTENANCE) Code: SPI-10
To be responsible for overall maintenace of DRI plant and also to draw up preventive maintenance schedules, installation and maintenance of all utility equipment including gen sets, gas turbines, gas pipelines etc.
Qualification: Graduate in Mechanical/Electrical Engineering.
Experience: Approximately 15 years preferably in steel/fertilizer industry of which at least 5 years should be in a senior level.

VICE-PRESIDENT (MARKETING) Code: SPI-11
To take overall charge of all marketing activities based in Bombay.
Qualification: Graduate engineer preferably with M.B.A.
Experience: Minimum 12 years in the metal industry or trade.

VICE-PRESIDENT (FINANCE) Code: SPI-12
To take charge of all financial functions.
Qualification: Chartered Accountant. Company Secretary will be an added advantage.
Experience: At least 12 years in reputed companies of which 3 years should be in a senior position.

PLANNING MANAGER Code: SPI-13
To head the corporate planning cell in Bombay and be responsible for planning the project activities and expansion/diversification.
Qualification: Graduate/post-graduate engineer with M.B.A.
Experience: Approximately 10 years in corporate planning/market research and feasibility study preparation/appraisal for steel/process industries.

CHIEF ENGINEER (MECHANICAL) Code: SPI-14
To assist Vice-President (Maintenance) in the mechanical field and to be responsible for complete preventive maintence, breakdown repairs etc. for various equipment.
Qualification: Graduate in Mechanical Engineering.
Experience: Minimum 12 years in a large process/fertilizer plant.

CHIEF ENGINEER (ELECTRICAL) Code: SPI-15
To assist Vice-President (Maintenance) in the electrical field and to be responsible for complete preventive maintenance, breakdown repairs etc. for electrical equipment.
Qualification: Graduate in Electrical Engineering.
Experience: Minimum 12 years in process/fertilizer industry.

CHIEF ENGINEER (INSTRUMENTS) Code: SPI-16
To assst Vice-President (Maintenance) in the instrumentation field and to be responsible for complete installation overhauling and maintenance of process control instrumentation including related data logging and computer facilities.
Qualification: Graduate in Instrument/Electronic Engineering.
Experience: Minimum 12/15 years in automatic process plant. Experience of P-4000 Kents instruments would be an added advantage.

CONSTRUCTION SITE MANAGER Code: SPI-17
To be responsible for overall construction supervision of civil and structural work and to coordinate with various agencies like civil constructors, fabricators, consultants etc.
Qualification: Graduate in Mechanical/Structural Engineering.
Experience: Minimum 15 years in site construction supervision of large industrial complexes.

These are all senior positions offering an excellent remuneration package which includes liberal perks commensurate with qualification, experience and abilities. Please apply within 15 days in strict confidence to:

The Director
ESSAR STEEL
A Division of **ESSAR CONSTRUCTIONS LTD.**
13th floor, Maker Chambers No. IV
Nariman Point,
Bombay 400 021.

R. A. Advtg.

FINANCIAL SERVICES

A newly established leasing & financial services company, promoted by leading all India financial institutions, wishes to recruit senior professionals for the following positions. The company with a large capital base will primarily operate in the field of infrastructure leasing and offer a wide range of financial services including merchant banking, venture capital, etc. It is expected that the company will achieve a premier position in Leasing and Merchant Banking within a few years.

CHIEF EXECUTIVE — MS 1084

The incumbent will be responsible for setting up the company, formulating business strategies and leading a team of professionals to achieve long-term objectives in a highly competitive environment. He should possess exceptional negotiating skills and have excellent contacts in industry, banks, financial institutions and other financial services sector.

Candidates, around 40 years of age, should have a strong financial background with over 5 years of experience at a senior level in a reputed commercial, banking or financing organisation.

GENERAL MANAGER — MS 1085

The incumbent would be responsible for marketing leases, developing a package of financial services, assisting the chief executive in formulating business plans and managing day-to-day operations of the company.

Candidates, around 35 years of age, should be CAs/MBAs (Finance) with about 4 years of experience at a senior level in a reputed banking, leasing or merchant banking organisation.

MANAGER-LEASING — MS 1086

The incumbent will be responsible for all aspects of leasing including lease marketing, evaluation of proposals and lease documentation and administration.

Candidates, around 30 years of age, with a strong financial background and exceptional marketing skills should be self starters with an ability to work independently. Applicants should be CAs/MBAs (Finance) with 5-7 years of experience.

MANAGER-MERCHANT BANKING — MS 1087

The incumbent will be responsible for designing and marketing a package of financial services. He should have the ability to identify growth areas within merchant banking and to function independently in a competitive environment.

Applicants, around 30 years of age, should be CAs/MBAs (Finance) with a strong financial background and at least 5 years of experience in merchant banking.

CHIEF ACCOUNTANT AND SECRETARY — MS 1088

The incumbent will be responsible for setting up accounting systems, drawing up long term financial plans and secretarial functions. He should also be able to advise on commercial matters relating to leasing and merchant banking.

Candidates, around 30 years of age, should be CAs with secretarial qualifications and at least 5 years of relevant experience preferably in a banking/financing organisation.

For all the above positions, an attractive salary with perquisites appropriate to the seniority of the position will be offered.

Please apply, in strict confidence, within 15 days to:

S.B. Billimoria & Co.
113 Mahatma Gandhi Road
Bombay 400 023

superscribing the appropriate MS number on the envelope and resume.

CHAITRA-B SSB 39

ABC's major specialisations include Corporate Consultancy • Project Reports • Operations Research • Industrial Engineering • MIS • SWOT Analysis • Data Processing • Organised Cost Reduction • Materials Management • Systems & Procedure • SWOT Analysis • Business Negotiations • O&M • Materials Management

We have been retained by a very large Industrial House with Group Turnover of over **Rs 800 Crores** to select the following professionals for their Engineering Division in **BOMBAY** manufacturing **Industrial Machinery** under **Excellent Foreign Collaboration.**

FINANCE MANAGER

Will be responsible for financial & accounting functions. He will have excellent growth prospect to assume the total charge of the Finance Department within a short span of time. At least 10 years' similar experience, preferably in Engineering Industry with exposure to working capital management, budgeting, costing, long term financing. Must be a Chartered Accountant with managerial competence preferably with AICWA/ACS Qualification. Age Group 35-40. Code FM/CAL/2343.

INTERNAL AUDITOR

For operational & financial audit reporting to the Director-In-Charge. At least 5 years of similar experience in an Engineering Company is essential. Must be a Chartered Accountant capable of handling an independent Internal Audit Department. Age Group 30-35. Code IA/CAL/2344.

For all these key positions, the clients would like to meet **High Performers** with good growth potential. Compensation package will be handsome & negotiable. Please write in strict confidence within 10 days to **S Sen, General Manager** and mark the envelope & enclosures with respective job title & code.

(Personnel Selection Division)

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019, Phone 473688 (5 lines)

SENIOR POSITIONS-FINANCE COMPANY

BOMBAY

Our Client is a reputed and large Indian group with a good track record, well established overseas connections and with assets in excess of Rs. 350 crores. The group has promoted a finance company which will provide a comprehensive package of financial services such as leasing, hire purchase, consumer credit, merchant banking and other innovative financing arrangements. The company wishes to recruit outstanding professionals for the following senior positions.

FUNDS MANAGER

(MS/4663)

The incumbent, who will report to the Chief Executive, will have the responsibility for mobilising financial resources for the company. Considerable exposure in dealing with banks/financial institutions, raising public and intercorporate deposits, and preferably public issue of shares/debentures is essential. Candidates must be CAs or finance MBAs with over 5 years experience preferably with banks, financial institutions or finance companies. Age: 30-35 years.

MARKETING MANAGER

(MS/4664)

The incumbent will assess the financial needs of the market place and develop finance proposals involving leasing, hire purchase or other innovative credit options and market these proposals. The position reports to the Chief Executive. Candidates must be CAs or finance MBAs with over 5 years experience, preferably with exposure to marketing financial services. Age: 30 – 35 years.

SR. INVESTMENT/FINANCIAL ANALYSTS

(MS/4665)

The incumbents would be responsible for conducting financial evaluation of projects, credit appraisals, economic/industry studies etc. Candidates must be CAs or finance MBAs with atleast 2/3 years experience preferably in the area of investment, merchant banking or credit with banks/financial institutions. Age: around 30 years.

The above positions offer exciting career prospects and attractive remuneration packages.

Please apply in strict confidence within 15 days to:

A F Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS numbers.

Appointments

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Require

BUSINESS MANAGERS

Persons with atleast 10 years senior level experience, to manage the total activity, of any of their numerous Business Divisions.
Applicants should preferably be:

BMS 1:
A post graduate in Business Management in the age group of 35-40; having consistently good academic record with Marketing and General Management experience in Consumer Goods or Durables or Building/Construction Materials.

BMS 2:
A graduate in Mechanical Engineering preferably with specialisation in Automobile Engineering with post graduation in Business Management, in the age group of 35-40; having consistently good academic record with Marketing and General Management experience in Automobile Industry or Automobile Spare Parts and Ancillary Industry.

They must be individuals with a sense of dedicated involvement coupled with down-to-earth approach so as to succeed in a highly competitive market. Job calls for excellent communication skills and ability to effectively interact with different overseas principals. The position is in the top management cadre with opportunity for rapid growth in international working environment.

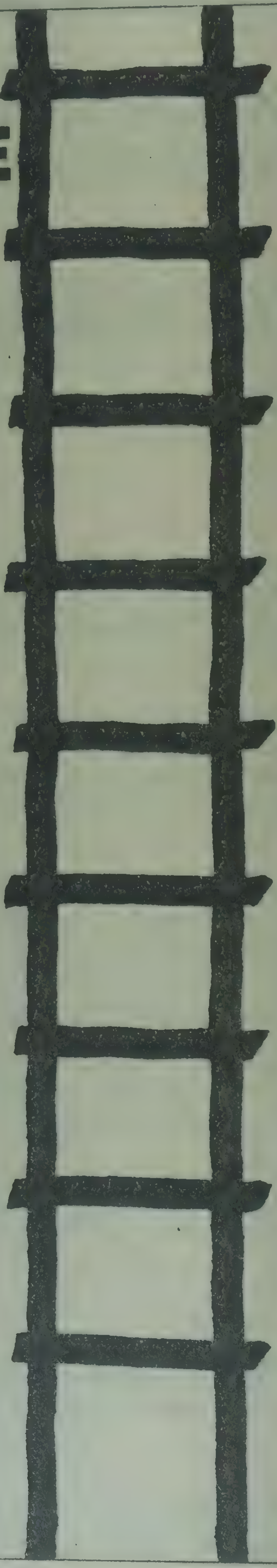
Remuneration package will not be a constraint and benefits include fully furnished, air-conditioned accommodation, car allowance, passage for self and family, free medical treatment and gratuity per local laws.

Applications accompanied by a recent passport size photograph giving details of age, qualifications, experience in various functional areas, products handled, type of market handled, salaries drawn and expected, should be sent within 10 days to:

P.O. BOX NO. 8111, MUTTRAH, SULTANATE OF OMAN.
All applications and envelopes should be marked 'BMS 1' or 'BMS 2' respectively.
Employer is the advertiser.

Appointments

FOR THOSE WHO BELIEVE IN STARTING AT THE TOP



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You must be a 'topper'...
with an ability to communicate effectively, manage people and establish rapport with company heads. If you are an MBA or ACA, below 35 years with at least 3–5 years' experience and looking to start at the top, write to us within 10 days. Superscribe the envelope:

Executive Assistant to Chairman

Vice President – Personnel,
CEAT Mahal,
4th Floor,
463, Dr. Annie Besant Road,
Bombay 400 025.

ULKA-CEA-1-87

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MANAGER – ACCOUNTS NAGPUR

The incumbent will head the finance function of the plant at Nagpur and will report to the General Manager who heads this unit.

The job entails complete responsibility for Accounts, Costing, Budgetary Control, Management Reporting besides Direct Taxation, Excise and other statutory matters. It requires dealing independently with external agencies including taxation and excise bodies.

Applicants should be Chartered Accountants/Cost Accountants/MBAs with exposure to all elements of the finance function including Computerized MIS, preferably in a unit manufacturing goods through mass manufacturing methods. A minimum of 8 years relevant experience is considered essential.

The salary offered is attractive and will be commensurate with qualifications and work experience. The company offers a congenial work environment and excellent scope for career advancement.

Applications enclosing resumes giving details of age, qualifications, work experience and salary drawn and expected should be sent within 10 days of this advertisement to:

General Manager
V.I.P. INDUSTRIES LTD. Post Box No. 25 Satpur, Nasik 422 007 Maharashtra.

Appointments

A leading Financial Services Organisation engaged in Equipment Leasing, Hire Purchase Financing, Merchant Banking and International Finance with assets portfolio exceeding Rs.80 crores. gross income of over Rs.20 crores, and an established track record of profitability is looking out for outstanding professionals to complement its existing team. The Company believes its people to be its greatest asset and considers that individual aspirations and corporate growth coincide.

Head - Credit Administration

For assuming overall charge of the Credit Department, covering both leasing and hire purchase. The selected candidate will be responsible for all aspects of credit administration such as documentation, disbursements, billing, recoveries, follow-up, maintenance of asset records, asset insurance, etc. Active interaction with marketing team, accounts, EDP, etc. would be necessary. Would also be responsible for MIS reporting regarding credit administration.

Applicants will be Chartered Accountants or MBAs from IIM and with experience in credit administration in a well known commercial bank or a financial service organisation. A minimum of 5 years' experience in this area is essential. Preferred age group is 30-35 years.

Officers - Lease Marketing

The selected candidates will be responsible for writing leases with corporate accounts in a defined target market and managing the account relationship with the client on an on-going basis. The work involves marketing, credit appraisal, finalisation of the contract and on-going account management with responsibility for all its aspects including reviews, receivable management, maintaining liaison with client and cross selling other financial service products of the organisation.

Applicants should be MBAs preferably from IIMs or Chartered Accountants with 3-5 years of relevant experience, with a strong background in finance and a flair for marketing. Applicants with experience in the marketing of financial consultancy/financial services and an out-going personality would have an added advantage.

Remuneration package will be attractive and would be commensurate with qualifications and experience.

Persons interested may please apply within fifteen days with bio-data containing details of qualification, experience and personal data to:

Box No. AA/246/LC/2,
Business India
Wadia Building, 17/19 Dalal Street
Bombay 400 001

BRANCH MANAGERS

Bombay	(Ref: MSB 335)
Madras	(Ref: MSB 336)
Hyderabad	(Ref: MSB 337)
Guwahati	(Ref: MSB 338)
Lucknow	(Ref: MSB 339)
Calcutta	(Ref: MSB 340)

Approximately Rs. 1,00,000/- gross per annum.

Our client is a part of a prestigious rapidly expanding Business Group, with extensive and diverse interests the world over. The company currently manufactures, markets and services a wide range of home entertainment products such as Television & Audio systems. A high growth record has earned the Group the reputation of being cited as a success story of recent times. The Company is poised to achieve a turnover of over Rs. 100 crores in the next 1-2 years, and is seeking outstanding sales professionals.

The appointees will provide necessary thrust to the Company's ambitious growth plans and ascend to positions of higher responsibilities in a short span. Providing leadership to a talented team of Area Managers & Sales Executives, expansion of the strong dealer network and augmenting market share, overall branch administration and maintaining a high service level will be key responsibilities.

The ideal candidates will be highly versatile, mobile and possess a Management Degree or Diploma with at least 7 years sales experience in consumer durables, of which around 2 years should have been in a responsible position overseeing branch operations. Graduates with an outstanding track record of 8-9 years may also be considered. Excellent man-management skills and a good business acumen are essential pre-requisites. Age Group: 30-38.

Applications furnishing complete details of qualifications, experience, age and salary should be forwarded within 10 days to:

Price Waterhouse
P.O. Box 462, Bombay 400 001.

Applications and envelopes MUST be marked with the appropriate reference number. Candidates who are being considered will receive an intimation within one month.

Yera

Alembic Glass

Alembic Glass Industries Limited, a well known Company manufacturing Glassware, Tumblers, Containers, etc. in the brand names "YERA" and "PRIMA"

require

SALES MANAGER (CONSUMER PRODUCTS)
SALES MANAGER (INDUSTRIAL PRODUCTS)

Both are challenging positions in an intensely competitive market environment.

Incumbents will be in-charge of All India sales of Glassware and Glass Containers and require sound conceptual and commercial skills. The jobs involve extensive travelling to develop and maintain close contacts at the highest level with potential and existing clients.

Applicants should possess an M.B.A. Degree in Marketing with a proven sales performance record of over 5 years at a senior executive level in mass consumer products/industrial products, preferably in the packaging industry and should be around 35 years of age.

SALES OFFICERS

Applicants should be Science/Commerce graduates preferably with an M.B.A. in Marketing.

Selected candidates will be responsible for organising and supervising sales of the Company's products in allocated region.

Applicants possessing a Bachelor's Degree must have around 5 years experience of a supervisory nature or 3 years experience in case of M.B.A.'s, in a large manufacturing organisation.

Candidates who had applied earlier for the same post but not selected need not apply again.

All the above positions are at Baroda and selected persons will be provided Company's quarters at subsidised rent. All positions carry an attractive salary and liberal perks like P.F., Gratuity, L.T.C., Medical, Bonus, Personal Accident Insurance, etc.

Those selected will also be required to sign an agreement to serve the Company for a minimum period of three years.

Apply within 10 days giving full particulars, age, qualifications, experience, present salary, etc. to :

The Manager – Personnel Division
Alembic Glass Industries Limited
Baroda 390 003

JAISONS AG 387

Indian Communications Network Limited

A team of young professionals, an unmatched product line in collaboration with Canon Inc. of Japan, a belief in and willingness to break new ground aggressively with excellent customer support has made NETWORK the dynamic young leader in the field of office automation.

To meet the needs arising out of our rapid growth we plan to induct professionals to head sales operations at Regional Offices.

REGIONAL
SALES MANAGERS

Rs. 70,000/- p.a.

[Delhi, Bombay, Madras, Calcutta]

RSM/139/07

The RSM will manage and be responsible for the sales activity in his region. The incumbent will be required to plan, strategize and achieve aggresive targets through a team of dynamic Managers and Executives.

The RSMs report to the Regional Managers.

The job calls for excellent communication, confidence, man-management skills and a successful track-record. In addition applicants should be graduates with 8-10 years/MBA's with around 6 years experience in selling the consumer durable/office automation industry of which at least 4 years should be in independently managing a District/Area through sales professionals.

Please apply within seven days alongwith a detailed bio-data stating the preferred place of posting. Please superscribe the envelope and the application with the position code to the HRD Manager, **Indian Communications Network Limited,** Network House, D-10, Commercial Centre, Poorvi Marg, Vasant Vihar, New Delhi-110 057.

NETWORK

The appointment ad that will make you hungry.

The makers of Vadilal ice cream are looking for Regional Sales Managers for Ahmedabad and Bombay.

Selected candidates, besides feasting on Strawberry Cheese and Cherry Peach, will receive a gross salary between Rs. 52,000 and Rs. 65,000 per annum.

And an opportunity to rise rapidly in an organisation whose high growth rate is expected to shoot up still further in the next 3 years.

You've got to be young, dedicated, dynamic, intelligent, patient and hard-working.

A passion for Chocolate Chips, too, won't hurt.

You will be responsible for sales in your territory and will report directly to the Marketing Manager at Ahmedabad.

So, if you're ready to lick the competition, and your sweet tooth just won't keep you back, rush in your resume within seven days to the Marketing Manager:

VADILAL ENTERPRISES LIMITED
PITRU-ASHISH, NAVRANGPURA, AHMEDABAD 380 009.

Enterprise VM 11

NELCO

Business Systems Division

Nelco's Business Systems Division is today amongst the top organisations in the Indian computer industry, and one of the fastest growing. Besides Nelco Matrix PC, Nelco System 4200, Nelco System 5000 and Force 20, Nelco is marketing in India one of the most powerful computer systems in the world — Tata Elxsi mainframe computers.

These systems have vast application possibilities in areas such as oil, space, education and in very large industrial establishments. To support our high rate of growth and expansion, we are now looking for

SENIOR MARKETING PERSONNEL

Candidates should be graduates in Engineering. A higher qualification in Computer Science would be preferred. They should have around six years' experience in the marketing of large computer systems and be able to conduct personal customer interaction at very senior levels in organisations. Familiarity in applications relating to seismic data processing, manufacturing resource planning etc. would be an advantage. Candidates should be willing to travel extensively in India and also abroad when required.

The Company offers a congenial working environment, opportunities for rapid growth and an atractive package of salary, perquisites and incentives.

Please apply within 10 days to:
Manager — Personnel
The National Radio & Electronics Co Ltd
Mahakali Road, Chakala
Andheri (East)
Bombay 400 093.

Enterprise/BSD/49

Appointments

OUTSTANDING MARKETING PROFESSIONALS

Our client, a WELL KNOWN Industrial House needs outstandingly dynamic MARKETING PERSONNEL to Strengthen and expand their CONSUMER PRODUCTS DIVISION. The organisation has diversified interests in TOILET SOAPS/ DETERGENTS, EDIBLE VEGETABLE OILS/VANASPATI, INDUSTRIAL CHEMICALS besides EXPORTS. It has an enviably remarkable growth rate, enjoying an excellent IMAGE being CLOSE to NUMBER TWO in the industry and has a turnover exceeding 120 Crores.

MARKETING MANAGER

DELHI/LUDHIANA UPTO Rs. 5500 PM + LIBERAL PERKS

He will be TOTALLY RESPONSIBLE for planning, organising and controlling all the marketing activities for the country. The job requires a high degree of innovation, organising capability, ability to effectively plan the marketing and selling strategies so as to arrive at pre-determined targets. The position offers ample growth and the incumbent can be elevated to the position of GENERAL MANAGER MARKETING within short span depending absolutely on RESULTS. Should be a Management Graduate with atleast 10-12 years relevant experience in HARD SELL CONSUMER PRODUCTS. Strong RESULT orientation, successful track record, adaptability and excellent inter-personnel skill are some of the essential requirements of the job. Age Group : 32 – 42.

SALES MANAGER

LUDHIANA/DELHI UPTO Rs. 5500 PM + LIBERAL PERKS

He will be RESPONSIBLE for organising and controlling ALL INDIA sales activities through a network of distributors and aggressively trained large field sales force. Intimate knowledge of territories and the trade, ability to motivate, lead and control the sales & distribution team so as to achieve the pre-determined sales/REMITTANCE TARGETS in a highly COMPETITIVE market,are some of the very essential requirement of the job. Should be a Management Graduate with 10-12 years relevant experience in HARD SELL CONSUMER PRODUCTS with a proven track record. The incumbent can be promoted to GENERAL MANAGER SALES in short span depending on achievements in sales and Money Remittance performance to targets. Age Group : 32 – 42.

SALES COORDINATION MANAGER

LUDHIANA UPTO Rs. 4500 PM + LIBERAL PERKS

He would be responsible for TOTAL SALES ADMINISTRATION, coordination of despatches, inventory control of depots, sales accounting and other related matters. Must be a Management Graduate with 8 to 10 years relevant experience in mass distributed CONSUMER PRODUCTS, out of which last 3 years should have been in sales administration. Ability to perform under pressure, adaptability, excellent inter-personnel & coordination skill are some of the essential requirements of the job. Age Group : 30 – 40.

AREA SALES MANAGERS

DELHI/BOMBAY/HARYANA & HIMACHAL/WEST BENGAL
NORTH EASTERN STATES (GUWAHATI BASED)/ORISSA/
ANDHRA PRADESH/KERALA/GUJARAT.

H.Q. – STATE CAPITALS UPTO Rs. 3000 PM + LIBERAL PERKS

The incumbents would be RESPONSIBLE for achieving ambitious sales and CASH-REMITTANCE targets from their respective territories through company's field force and distributors network. Should be live-wire graduates with a minimum of 6 years supervisory experience in HARD SELL CONSUMER PRODUCTS. High level of commitment, adaptability, strong result orientation and track record of achieving RESULTS on achievement of money remittance targets in a highly competitive market are some of the essential requirements of the job. Age Group : 28 – 36.

These are outstanding opportunities for exceptionally trained and above average professionals to join and grow with a well poised group. Higher Remuneration can be considered for outstanding candidates. Perks include HRA, Conveyance, CPF, Medical, LTA, Gratuity etc. besides LIBERAL pre-set target achievement INCENTIVES. Please apply in strict confidence within 10 days with the job title & code : 8749

PERSONNEL SELECTION DIVISION
MANTEC CONSULTANTS PVT. LTD.
(Management & Technical Services)
805, Vishal Bhawan, 95 Nehru Place
New Delhi-110 019, Tel : 6415864.

Norsk Data (India) Ltd

Norsk Data India is a joint venture company between Norsk Data A.S. of Norway and Indchem Electronics Limited.

Norsk Data A.S. is a leading international computer company which manufactures a compatible line of high performance computer systems and has wholly owned subsidiaries in 11 countries. It is the fastest growing mini computer company in Europe and the sixth largest in the world.

Indchem is involved in the development, manufacturing, marketing and support of professional electronic equipment and systems spanning the fields of Information Technology, Medical Electronics, Industrial Weighing and Software Export.

Norsk Data (India) Limited manufactures products ranging from PC's to mini computers for commercial, scientific and real time applications. It also actively markets super mini computers like the ND 5000, ND Comtec products for the printing and publishing industry and advanced CAD workstations.

Regional Managers

North : Delhi, West : Bombay, East : Calcutta, South : Bangalore.

The Regional Manager would be required to lead and motivate a team of qualified professionals and be responsible for Marketing, Software and Hardware Support and office administration for the region. The job reports to the Marketing Manager and the candidates should preferably be engineers and M.B.A. with proven track records and 6 to 8 years experience of which at least 3 to 4 years should have been in the computer industry.

Marketing Executives

(Delhi, Bombay, Madras, Hyderabad Bangalore, Calcutta)

The candidates would be responsible for marketing of computers and meeting sales targets in specific areas. Should preferably be engineers and M.B.A. with 1 to 3 years sales experience in the computer industry.

Application Software Executives

(Delhi, Bombay, Madras, Hyderabad, Bangalore, Calcutta)

The candidates would be responsible for implementation and maintenance of Application Software at installations. Should preferably be M.B.A. with 1 to 3 years experience in commercial installations in the computer industry.

Customer Engineers – Hardware

(Delhi, Bombay, Madras, Hyderabad, Calcutta)

The candidates would be responsible for maintenance of computer systems. Should be electronics/electrical engineers with 2 to 3 years experience in maintenance of mini computers and sophisticated peripherals.

Customer Engineers – Software

(Delhi, Bombay, Madras, Hyderabad, Calcutta)

The candidates would be responsible for Software maintenance at the installations. Engineers with 2 to 3 years experience on sophisticated Operating Systems preferred.

Graduate Trainees

(All major cities)

The candidates should preferably be electronics/electrical engineers with an aptitude for Customer Support activities. Selected candidates will be given intensive training.

Salary will not be a limitation for the right candidate. Application must include qualifications, experience, details of present assignment, present salary drawn and preferred place of work.

Write in strict confidence within 10 days to:
The Personnel Officer
Norsk Data (India) Ltd
II Floor, Sorrento
3A, Padmanabha Nagar
Adyar, Madras 600 020.

NICE PEOPLE TO WORK WITH

Norsk Data

NTAS M ND PIO 2213

NELCO
Business Systems Division

NELCO's Business Systems Division is today amongst the top organisations in the Indian Computer Industry and one of the fastest growing. Besides Nelco Matrix PC, Nelco System 4200, Nelco System 5000 and Tata Elxsi computers, we have joined hands with Honeywell Bull, for the worldwide launch of a revolutionary 32-bit minicomputer based on the Motorola 68020 chip. To support this high rate of growth and expansion, we are now looking for:

MANAGER SOFTWARE

The selected candidate will lead the inhouse software group, which is involved in development of software, providing pre-sales and post-sales support and in the implementation of software packages and products. The job involves leading a team of highly dedicated software professionals, running the software centre as a profit centre and advising top management on software related issues.

Candidates should be graduates/postgraduates, preferably with a degree in management, with around 15 years' experience in the area of software development and implementation. The candidates should have worked in a senior management capacity for at least 6 years. Candidates should have a good knowledge of current trends in computer software, extensive experience in leading a team of professionals and preferably an exposure to UNIX Operating System.

The Company offers a congenial working environment and excellent opportunities for career progress besides attractive salary and perquisites.

Please apply within 10 days giving full particulars of age, qualifications, experience, and salary drawn, superscribing the envelope with the words 'Manager Software BSD' to:

General Manager
Business Systems Division
The National Radio & Electronics Co Ltd
Mahakali Road, Chakala
Andheri (East)
Bombay 400 093.

Enterprise BSD

Appointments

One of the largest private sector companies in India wishes to appoint the following Senior Executives to be based at one of their major manufacturing projects in Western India (investment around Rs.150 crores), set up with Japanese collaboration. The company is in the engineering industry and is ranked in the top 20 private sector companies. The company offers excellent career progression opportunities in a professional environment.

ANCILLARY DEVELOPMENT MANAGER

(MS / 4218)

The incumbent will head a large department responsible for developing ancillary industries in keeping with the objective of rapid indigenisation of components. His responsibilities include liaison with the company's design, quality control, manufacturing and supply functions for ensuring acceptance and initial supply of items being developed within the specified time, cost and quality parameters.

Candidates should have a good Mechanical or Metallurgical engineering degree with 10—15 years' experience, of which at least 5 years should be in a senior managerial position in ancillary development of the automotive industry. Preferred age around 35 years.

PERSONNEL MANAGER

(MS / 4219)

The incumbent will be responsible for industrial relations, grievance handling, worker welfare, etc., for the estimated 600 employees. In addition to labour management issues, his responsibilities include formulation of personnel policies and procedures, manpower and career planning, recruitment, training and development, etc.

Candidates must have post graduate qualifications in Personnel Management with at least 10—15 years' experience in the personnel function, of which at least 5 years should be in a senior managerial position in professionally managed companies. Preferred age 35—40 years.

QUALITY ASSURANCE AND RELIABILITY MANAGER

(MS / 4220)

The incumbent will head the department responsible for maintenance and improvement of the quality of the product. He will ensure the quality of incoming material and assist shop floor personnel in minimizing rejections / scraps. He will also ensure quick response to market quality complaints and effect remedial action.

The incumbent should be a qualified mechanical engineer with a background of OR and Statistics and with 10—15 years' experience in precision engineering or the automobile industry, of which at least 5 years should be in a managerial position. Preferred age around 30 years.

MANUFACTURING MANAGER

(MS / 4221)

The incumbent will be responsible for the Auto parts manufacturing, assembly, production engineering and maintenance of machine tools.

The incumbent should be a qualified mechanical engineer with 10—15 years' experience, of which at least 5 years should be in a senior position in a manufacturing unit with special exposure to the manufacture of IC engines, transmission system, axle, etc., using modern machine tools like CNC and FMS.

MANAGER WORKS ENGINEERING

(MS / 4222)

The incumbent will be responsible for selection, installation, commissioning and maintenance of power supply systems, plant utilities, material handling equipment, civil works, etc.

The incumbent should be a qualified mechanical/electrical engineer with 10—15 years' experience in the maintenance function of which at least 5 years should be in a senior position.

In addition to an attractive salary there would be generous perquisites which would include housing. The compensation package would not be a constraint for the right candidate.

Please apply in strict confidence within 15 days to :

A.F. Ferguson Associates
Apeejay House, 5th Floor, Block 'B'
15 Park Street, Calcutta 700 016

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes must be marked with the appropriate MS reference.

PRESSMAN

Appointments

HARITA ROLOFORMS

require

Functional Specialists

Bangalore

Attractive salary
+ benefits

About the Company

The Harita Roloforms group of companies, promoted by some of the members of the TVS family, manufactures and markets high quality components for the automobile industry.

The Group is growing rapidly through ventures in the following areas :

Automotive Seating Systems : In joint venture with Europe's largest seating manufacturing company, M/s Grammer Sitzsysteme GmbH, West Germany.

Plastics : For manufacture of high quality moulded components with an investment of over Rs. 1 crore.

Locks : For manufacture of automotive locks at a computer controlled imported plant involving an investment of Rs. 2 crores.

Winning the National Productivity Award and Best Quality Award could perhaps speak volumes of our motto, "Excellence through People."

The Group offers an opportunity for growth and expression of talent, where your performance will be recognized and rewarded. The following positions need to be filled in now :

1. Member – Manufacturing Engineering Department

You will be responsible for any one of the following areas :

Tool Design : Plastics, Rubber Moulding, Sheet Metal and Die Cast Tools.

Process Planning & Methods : Plastics, Rubber Moulding, Sheet Metal and Die Casting.

2. Member – R & D

Product Design & Development Automobile seating systems and rims/locks for automotive & domestic applications.

3. Member – Quality Control

Setting up and operation of vendor and shop quality functions. Organisation of Quality Control Circle activities.

4. Senior Engineer – Operations

You will be responsible for the operation, maintenance and productivity of any one of our Units. You should have a flair for man-management.

For all the positions, you should ideally be a BE with 5 years' or DME with 10 years' experience in the related fields. Knowledge and experience in the use of computers will be an advantage.

5. Purchase Assistants

You will assist the Purchase Executive of each unit in the procurement of components and in stores. You should be a DME with at least 3-4 years' relevant experience.

For all the positions, salary and perquisites will be commensurate with qualifications and experience. The Group offers excellent growth prospects and salary will not be a constraint for the right candidate.

Interested candidates should apply within 10 days on A4 size paper with a recent passport size photograph to :

The General Manager
Harita Roloforms Pvt. Ltd.
309 Koramangala
Bangalore 560 034

Appointments

unitel

unitel communications limited

(A UNITED BREWERIES AND ELCO VENTURE)

UNITEL, a joint venture of United Breweries and ELCO, has entered the rapidly expanding telecommunications field. UNITEL manufactures and markets EPABX and Key Telephone Systems in collaboration with GTE ATEA, a world leader in communications.

The United Breweries Group is a well-diversified, professionally managed group of companies with a turnover of Rs. 800 crores. It has established itself as a market leader with well-known products from **McDOWELLS, KISSAN, DIPY'S**, etc.

UNITEL is looking for dynamic and result-oriented Managers and Executives to join its Marketing and Sales team in the following positions:

BRANCH MANAGER (Bangalore)	Engineer/MBA with 7-8 years experience in Institutional Sales.
AREA SALES MANAGER (Bombay/Bangalore/Calcutta/Delhi)	A—Institutional Sales : Engineer/MBA with 4-5 years experience. B—EPABX/Key Telephone Systems: Graduate/MBA with 5-6 years experience.
PRODUCT EXECUTIVE (Delhi)	Electronic Engineer/MBA with 1-2 years experience in Sales/Product Management.
SALES/SR. SALES EXECUTIVES (Bombay/Delhi/Bangalore/Madras/Hyderabad/Ahmedabad/Calcutta)	A—Institutional Sales: Engineers/MBAs with 1-4 years experience. B—EPABX/Key Telephone Systems : Graduates/MBAs with 1-4 years experience in Sales.

Candidates with experience in computers and office automation industry will be preferred.

BRANCH CUSTOMER ENGG. MANAGER (Bombay/Bangalore)	Electronic Engineer with 6-8 years experience in servicing large computers and telecom equipment.
CUSTOMER/ SR. CUSTOMER ENGINEERS (Bombay/Bangalore/Calcutta/Delhi/Hyderabad/Madras/Ahmedabad)	Electronic Engineers/Diploma holders with 1-4 years experience in maintenance of office equipment/computers.

Salaries and perquisites would be amongst the best in the industry. Please write within 10 days to:

The Sales Controller, Unitel Communications Limited
5, Community Centre, Saket, NEW DELHI-110 017.

HTA-5196

Appointments

FINANCIAL DIRECTOR

A large multiproduct engineering company of North India is interested to appoint a Financial Director on the Corporate level. The Company is a leader in its field, having a sales turnover of close to 500 crores and a number of plants and administrative offices with a matching work force.

This is a senior position and the incumbent would be expected to work on a fulltime basis. Besides requisite professional qualifications, he would have experience of about 20 years in top positions of large organisations, and would be above 40 years of age. We are looking for an individual with a mature personality capable of independently dealing with top level officials/institutions, who would lead the Company in formulating financial plans and policies and would exercise effective control towards their successful implementation. He would have senior level finance executives reporting to him, and would himself be placed in the top echelons of the Company, at the Vice President level.

The candidate must be dynamic and effective, and should he be found suitable he would be offered a compensation package which would compare favourably to the best in the country.

Please apply in strict confidence within 10 days to:

Box No AA/246/MN/5,
Business India,
Wadia Building,
17/19 Dalal Street, Bombay 400 001.

The ttk Group

requires

CHIEF EXECUTIVE

(Household Products)
MADRAS

The TTK Group is a multi-product manufacturing conglomerate with a diverse range of consumer, industrial and pharmaceutical products that enjoy a high esteem in the marketplace.

The Group is looking for a Chief Executive to handle a number of their consumer and household products such as household cleaners, shoe polish, shaving cream, after-shave lotion, tooth-brushes etc.

This is a very senior position that involves complete charge of manufacturing, overall administration and finance, liaison with marketing division and new product development.

The applicant must be an innovative, dynamic, growth-oriented individual with an engineering background, and preferably an MBA.
He should have worked in a similar position with a reputed company and must not be more than 40 years of age.

The remuneration package is attractive and includes perks like car, house allowance, LTA, medical benefits etc.

Please apply in confidence within 15 days to

The Managing Director
New Way Chemicals and Polishes Private Ltd
6 Cathedral Road,
Madras 600 086

HTA 7004

Appointments

INSTITUTE OF CO-OPERATIVE & CORPORATE MANAGEMENT, RESEARCH & TRAINING, UTTAR PRADESH

B-104/18, Sector 'C' Niralanagar,
LUCKNOW - 226 007

The above Institute, established as an autonomous body in 1979 by the U.P. State Government in collaboration with Apex Co-operative Institutions, requires

DIRECTOR

As Head of the Institute.

Emoluments:

Rs. 5000-00 p.m. (consolidated) plus rent free unfurnished residence.

Qualifications and Experience Essential:

1. First or high second class Master's Degree from any University in India or abroad in Business Administration/ Management/Economics/ Commerce/ Agricultural Economics.
2. Atleast 5 years experience in senior administrative position in a Management Institute/Government or Co-operative Organisation/University or Post Graduate Institute of repute.

Preferential:

1. 5 Years experience of Research/Management Consultancy in Co-operative Management/ Banking/Agricultural Economics/Agricultural Credit in a University or Research/ Management Institute of repute in India or abroad.
2. 5 years experience of designing/organising/ conducting/evaluating training programmes for senior executives on various facets of Cooperative/Corporate/ Commercial/Financial Management/Banking Public Finance/Project Formulation and Appraisal.

Age:

Between 45 to 55 years on the date of application.

Note:

The above qualifications and conditions may be relaxed and higher emoluments offered in case of candidates having held position of national pre-eminence in the field of Management, Research etc. or a high position in R.B.I./NABARD/National bank or I.A.S. or Co-operative Sector. The appointment will be on tenure basis, initially for a period of three years.

How to apply:

Application with complete Bio-data and supporting documents addressed to Chairman should reach the Institute within six weeks of the date of Advertisement.

PAC-D-232/830 DIRECTOR

ASSOCIATED ROAD CARRIERS LTD.

ARC

We are among the top ranking Road Transport Organisations with an All-India network of 150 offices, and an annual turnover exceeding Rs. 20 crores. We require at our Corporate office, Secunderabad:-

FINANCE MANAGER-CUM-SECRETARY:-

Candidates should have A.C.A. and A.C.S. qualifications with atleast 5 years experience in a Senior Management position carrying independent responsibility for Finance, Accounting, Taxation & Tax planning and Secretarial functions besides dealing with Financial Institutions.

The incumbent will be reporting directly to the Managing Director and will be responsible for Finance, Accounts, Secretarial, EDP functions, besides dealing with Financial Institutions.

The position carries excellent salary besides House Rent Allowance, use of Company Car, P.F.. Gratuity etc.

Interested persons meeting the above requirements are requested to write within 15 days with a recent passport size photograph and full details of age, qualifications, positions held and responsibilities, present salary etc. to:

THE MANAGING DIRECTOR
POST BOX NO. 1661
SECUNDERABAD-500 003, A.P.

Appointments

COIR BOARD

(Under the Administrative Control of the Ministry of Industry, Department of Industrial Development, Government of India)

Coir House, M G Road, Cochin 682 016

Applications are invited from qualified persons for the post of

MARKETING ADVISER

1. Pay — Negotiable
2. Experience — At least five years' experience as a Marketing Executive, preferably in a floor covering industry.
3. Duration of post — For a period of one year.

Note:- The assignment will be under the International Trade Centre/Swedish International Development Agency Programme.

The job involves extensive tours abroad

Qualifications and experience may be relaxed in the case of candidates otherwise well qualified.

Applications together with attested photostat copies of certificates regarding age, educational qualifications, experience etc., superscribing the name of the post applied for on the envelope should reach the Secretary, Coir Board, Coir House, M G Road, Ernakulam, Cochin 682 016 within fifteen days of the appearance of this advertisement.

ETHNOR

requires

Product Managers

BOMBAY

Salary Negotiable + attractive perquisites

We require Product Managers to handle a range of our important brands in Janssen Division.

The candidates should be 25-30 years of age, graduates in natural sciences with a post-graduate qualification in Business Management with Marketing as a major subject from a premier institute. They should have at least two to three years' business experience in a reputed Organisation. Some experience of pharmaceutical selling and/or Product Management will be preferred.

The selected candidates will be responsible for creating new markets, developing marketing strategies for existing products and work on new product development. They will work closely with the sales force and co-ordinate with manufacturing and research for implementation of the plans to meet targeted brand profitability. These are challenging positions requiring a high degree of creativity, conceptual and analytical ability, high energy levels, initiative, drive and communication skills.

Salary is negotiable and is unlikely to be a constraint in the final choice of candidate. In addition, we offer attractive perquisites such as HRA, LTA, Car Allowance, Medical Reimbursement and liberal retirement benefits.

If you think you are the right person for the job, please apply within 10 days with complete bio-data and full details of current and past experience, salary drawn and expected, superscribing the envelope "PM" to:

The Personnel Manager
Ethnor Limited
30, Forjett Street, Bombay 400 036

Appointments

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DYNAMISM is a matter of REALITY
PARTICIPATION is a matter of CULTURE

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to lead a team of 250 field professionals

The candidate should have 10-15 years of experience in pharmaceuticals marketing preferably 5 to 6 years in a responsible position like an all-India Manager. The job involves sales planning, budgeting, monitoring and above all effective selling.

Emoluments & perks are negotiable.

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TORRENT LABORATORIES PVT. LTD.
"SANSKRUT", HIGH COURT ROAD, AHMEDABAD-380 009.

DUNCANS

Duncans Tea Limited

which has an impressive track record and ambitious plans requires a

MARKETING MANAGER

Location : Delhi

Candidates should be graduates preferably with post graduate qualification in Management and 10 years' relevant work experience of which at least 4 years' should be in consumer products selling. Preference will be given to candidates with experience in food products.

Salary is negotiable and will not be a limiting factor for the right candidate.

Apply within 10 days to :-

Manager-Staff & Development
Duncans Tea Ltd.

4, Fairlie Place, Calcutta 700 001

Appointments

Swastik

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We are a professionally managed well equipped and the largest Rubber manufacturing company catering to a wide spectrum of the market. We have offices in all major metropolitan cities. We have a countrywide distribution network of Automobile and Industrial products and dealer networks serving the replacement market.

The prime responsibility of the Marketing Manager is to lead, guide and control a team of field sales personnel. He should be able to formulate and implement marketing strategies to achieve better market share and sales growth.

The candidate should have Post graduate qualification in Business Administration or Marketing Management and age should be around 32 years. He should have minimum 6 to 8 years experience in selling to replacement market of Automobile/Industrial spare parts with exposure to dealer selection, appointment and development.

Persons experienced with field sales management need only apply.

Please send your applications within 7 days to:

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SWASTIK RUBBER PRODUCTS LTD.,
"Swastik House", Khadki, Pune 411 003.

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SILK

(A Government of Kerala Undertaking)

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Result-oriented professionals for the following positions:

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Candidates found suitable will be placed in any of the following scales of pay, depending on suitability:

Post	Experience (Years)	Scale of pay	Total emoluments (Basic + DA) Min. (Rs)	Max (Rs)
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SENIOR OFFICER	5	1250-50-1600-60-1900-75-2500	1646	3186
ASST. MANAGER	8	1300-60-1600-75-2650	1712	3348
DY. MANAGER	10	1600-75-2200-85-2710	2106	3413
JT. MANAGER	12	2100-85-2440-100-3040	2754	3836
MANAGER	15	2250-100-2850-125-3350	2916	4198

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Other benefits include House Rent Allowance, Contributory Provident Fund, Leave Encashment, Medical Reimbursement, Conveyance Reimbursement, Gratuity etc. Other things being equal, candidates belonging to Scheduled Castes/Scheduled Tribe will be given preference. Age, qualification and experience relaxable in exceptional and deserving cases.

Applications giving full bio-data may be sent within 10 days of publication of this advertisement, superscribing the envelope with the post applied for, to:

Chairman & Managing Director
Steel Industrials Kerala Limited
Jupiter Building Complex
M G Road
TRICHUR - 680 004

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A fast growing pharmaceutical organisation with All India marketing network and field staff strength of about 250 professionals

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The candidate should preferably be a pharmacy graduate with at least 5-6 years' experience in Sales Tranining and total of 10-12 years' experience in pharmaceutical marketing field.

The candidate shall be responsible for identification of training needs and formulation as well as implementation of training programmes for field professionals, area managers and other marketing staff. The candidate shall be required to travel occasionally.

Emoluments and perks are negotiable.

Apply in confidence to :

The Director
TORRENT LABORATORIES PVT. LTD.
"SANSKRUT", HIGH COURT ROAD, AHMEDABAD-380 009

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Western Region

BOMBAY

Salary Negotiable
+ attractive
perquisites

We are looking for a young, energetic and result-oriented Regional Sales Manager for Western Region with Bombay as headquarters.

The Regional Sales Manager will be responsible for formulating and achieving ambitious sales plans by directing and assisting a team of well trained District Managers and Sales Representatives.

The ideal candidate should:

- be around 30 years of age
- have a degree in natural sciences
- have a Post Graduate Degree or Diploma from a premier Business Management Institute
- have a minimum of 3-5 years field sales management experience in a reputed pharmaceutical or consumer products company
- have a proven track record
- above all, be a dynamic and enthusiastic leader with lot of initiative.

The position is in the Management cadre of the Company. Salary is negotiable and is unlikely to be a constraint for the right candidate. In addition, attractive perquisites are offered such as HRA, Car Allowance, LTA, Medical Reimbursement and liberal retirement benefits.

Please apply within 10 days superscribing the envelope "RSM-WR" to:

The Personnel Manager
Ethnor Limited
30, Forjett Street, Bombay 400 036

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We are a large Engineering Company with an annual turnover of more than Rs.80 Crores.

The Manager will lead a team of Engineers and his responsibilities will extend across the Installation, Commissioning and Maintenance of Computerised Numerical control machines and system and sophisticated electronics and electromechanical instruments.

Qualifications: Degree in Electronics Engineering with post graduate qualifications. Specialised training in the field of electronics in India or abroad will be given preference.

Experience: Minimum 10 years in a large reputed Engineering Industry having large number of CNC Machines and electronics instruments.

Attractive Salary plus Perks
House Allowance
Car
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Medical benefits
Superannuation etc.

Send your application with complete bio-data within 15 days to:

Box No AA/246/GE/1,
Business India,
Wadia Building,
17/19 Dalal Street,
Bombay 400 001..

WORKS MANAGER

for a Sheet Metal Engineering Factory at
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We are a well established Sheet Metal Engineering company at Baroda, manufacturing Specialised Furniture Systems who are wishing to appoint a Works Manager to expand and establish its new factory at Baroda. We are a member of a group of Private Limited Companies engaged in the business of manufacturing and marketing a wide range of products for science, technology and industry with a turnover of several crores and offices and representatives in all major cities of India.

Preferred age : 35-40 years.

Qualification : The applicant should be a graduate in Mech. Engg. and should have atleast 7-10 years' senior-level experience in the Sheet Metal Engineering Industry.

Responsibilities: The Works Manager will be responsible for expansion and diversification of Company's activities and also for overall operation of the plant including production, personnel, administration, etc..

Remuneration : The remuneration package is negotiable and will commensurate with the senior position. The perquisites will include Housing, Leave Travel Allowance, Medical, Car Allowance, P.F., Gratuity, etc..

Please apply in strict confidence with full particulars and a recent Photograph within 10 days indicating present and expected salary to:

The Director
P.O. Box 11108
Bombay 400 020

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Nelco's Office Products Division is today amongst the top organisations in the office automation market, and one of the fastest growing. Besides Industrial Voltage Stabilizers and Microprocessor-based plain paper copiers, we are planning to introduce a sophisticated EPABX system. To support this high rate of growth and expansion, we are now looking for:

SALES EXECUTIVES
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Selected candidates will be responsible mainly for institutional sales. Candidates should preferably be Science graduates of around 25 years of age with 1 or 2 years of experience in similar product lines. Candidates should possess excellent communication skills and a high degree of initiative, drive and dynamism. Selected candidates may be placed at any of the company's offices.

The Company offers a congenial working environment, opportunities for rapid growth and an attractive package of salary, perquisites and incentives.

Please apply within 10 day to:

Asst.Manager — Personnel
Office Products Division
The National Radio & Electronics Co Ltd
Mahakali Road, Chakala
Andheri (East)
Bombay 400 093.

Enterprise/OPD/49

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A part of the well-reputed Alembic group, we are a leading manufacturer of sophisticated industrial machinery for glass as well as pharmaceutical industries. To meet our growing needs, we need the following personnel:

DESIGN ENGINEER (MACHINE DESIGN) :

Should be a 1st class Graduate in Mechanical Engineering preferably with machine design specialization. Should have a minimum of 5 years' experience in designing industrial machinery. Should be thorough with machine design concepts, pneumatic and hydraulic circuits. Knowledge of materials and heat treatment is necessary.

DESIGN ENGINEER (AUTOMATION):

Should be a 1st class Graduate in Mechanical Engineering with a minimum of 5 years' experience in automation projects. Should be conversant with automation and control systems. Knowledge of electronic, hydraulic and pneumatic systems is a must. Should be conversant with standards and standardization.

ELECTRONICS ENGINEER:

Should be a Graduate in Electronics with about 5 years' experience of CNC machines and other electrical and electronic equipment. Should be able to independently design and select electronic systems and should be thoroughly conversant with machine tool control.

The Company offers excellent working conditions for creativity, a good growth and a compensation package comparable with the best in the industry. Salary is not a limiting factor for the right candidate. Selected candidates will be required to execute a contract to serve the Company for a minimum period of at least three years.

Candidates fulfilling the above requirements should send their applications giving details of qualifications, experience, age, salary drawn and expected, etc., within 10 days, to:

The General Manager,
(Personnel Industrial Relations)
Personnel Division,
Shreno Limited,
Alembic Road, Baroda 390 003.

everest/87/SL/373

ABC's major specialisations include Corporate Consultancy • Systems & Procedures • Computer Consultancy • Production Planning & Control Systems • SWOT Analysis • Industrial Engineering • Feasibility Reports • O & M •

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A diversified Business Group is looking for an Executive Director to be based at Bombay, for one of their well established multi-unit companies in the Engineering Industry. After enjoying the position of a leader in its field for a long time, the company has recently suffered a setback due to prolonged labour problems. The company is now poised to regain its position. The current turnover of around Rs. 15 crores is expected to reach Rs. 20 crores in the next 2 years. The position offers the challenge of bringing an effective turnaround.

The appointee will have complete responsibility for the Operations & Profitability of the company. He will head a team of seasoned professionals in the various functional areas.

We are looking for a mature professional with a strong financial background. He should have around 15/20 years experience in the Industry, of which atleast 3/5 years should have been as a 'Profit-Centre' head with reputed companies. Age Group: 40-47.

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Write in strict confidence within 10 days, citing code: EDB/HNK/872.

(Personnel Selection Division)
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303, Embassy Centre, Nariman Point, Bombay-400 021

AN AUTOMOTIVE COMPONENT MANUFACTURER

with a **Japanese** collaboration located near Delhi requires:

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age 45/50 years

and a COMPANY SECRETARY

age 35/40 years

Candidates with proven record in similar positions should apply to:

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Code No. PR/PL 115

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You will be required to make up project reports, liaise with financial institutions and banks, overlook functional accounts, etc. and execute all Secretarial functions. You will report directly to the Managing Director.

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PERSONNEL RESOURCES
Fine Mansion, 29, Police Court Lane,
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New Delhi based
(SALARY NEGOTIABLE)

We are a Multi-Dimensional Financial Institution currently seeking "hands-on" financial managers to play a major role in the operation and future expansion of the Company. These individuals shall be responsible for expanding financial services at senior level especially for the development of our international business. The candidates must have a brilliant academic record. Preference will be given to MBAs from the Indian Institute of Management, Chartered Accountants having passed examination with "Merit", IIT post-graduates, etc., and officers having experience in International Banking/International Trade and Project Reports. Experience in leasing a plus. Preferred age 30/35 years.

An exceptional opportunity which offers career potential and attractive salary and short period work-experience in foreign Banks of International Repute.

Qualified applicants should send their resume within a fortnight with salary requirements to :

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Executive Director
CAPITAL TRUST LIMITED
United India Life Building, 'F' Block,
Connaught Place NEW DELHI-110 001.

VIDEOCON TV

DY. GENERAL MANAGER – SALES

(North & East India) Based at – New Delhi

We are looking for a person with a proven track record. He will be responsible for formulation of policies with regard to Distribution, Dealer network, working for field force, Manpower Planning etc. He will manage and provide leadership to a team of competent & experienced Regional Sales Managers. There are 5 R.S.M.'s reporting to the Dy. G.M. who will report to the Executive Director based at Bombay.

The candidates should be graduates with M.B.A. and have 10-15 years experience in consumer durables and must have handled a large network of committed and motivated dealers. Ability to sense/change and to operate in highly competitive market conditions are the basic prerequisites Age Group 40/45 years.

This positions is in the senior management cadre of the company and offers good growth possibilities. Compensation package of both salary and perks are negotiable to meet individual experience and competance.

Please apply within 10 days giving complete details of present employment and salary, mentioning post applied for with a passport size photograph to :–

Box No. AA/246/LM/3, **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001.

SJAS 877

CORE is a young fast-growing Group of Companies, promoted and managed by a team of professionals, having a highly successful track record. The Group has interests in Pharmaceuticals, Leasing, Computers and Consultancy. The Group offers excellent compensation terms, a motivating and satisfying working environment and very attractive future growth opportunities.

Core Parenterals is a new project being put up in Gujarat for manufacture of High Quality Intravenous Solutions in Special Quality Non-toxic Polymer Containers using the latest state-of-the-art technology imported from Europe. For this it needs the following Senior Management Personnel :

ALL INDIA SALES MANAGER

This position involves responsibility for the complete Sales Management function right from selection of field force and appointment of Stockists/Distributors to management of field operations and achievement of targets. Those in the age group of 30-40 years with 10-15 years experience of marketing pharmaceuticals, including about 3-5 years of institutional business also, will be preferred. Effective managerial & communication capabilities and a bold, forceful, result oriented personality are essential.

TRAINING MANAGER

CORE Group of Companies lays high emphasis on continuous training of Field Managers and other personnel at all levels. The person will be responsible for designing the training manuals, building up of a training library, use of video technology in training, training in aspects of motivation, personal relations, communication, etc. Job involves substantial touring as training will be done at Head Office and at different locations in the country during Cycle Meetings. He will be responsible for training function for the entire Pharmaceutical operations of CORE GROUP OF COMPANIES, the combined field staff of which is expected to be 200 by 1988. Ideal candidate should be between 30-35 years, Graduate, who has risen from the ranks and has total experience of pharmaceutical field of about 10 years out of which atleast 1-3 years should be in training the field-force.

PRODUCT MANAGER

Preferably B.Pharm, age about 30 years. The Company is on the look-out for a highly creative individual who will work on various product management aspects of promoting Intravenous Solutions to Institutions, Trade as well as the Medical profession. This is a very challenging assignment as the basic task is to break away from conventional methods of promotion and devise a new and innovative promotional technology.

Applications will be treated in strict confidence. Those interested may send their detailed bio-data with passport size photograph to : MR. SUNIL HANDA

CORE PARENTERALS LIMITED
4th Floor, Narayan Chambers
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Ahmedabad - 380 009.

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INDUSTRIAL ENGINEER

A Metallurgical Engineering graduate with post graduate qualificaton in Industrial Engineering who besides conventional Industrial Engineering application can also take charge of Quality Control functions. Should have 2/3 years of relevant experience.

ELECTRICAL MAINTENANCE ENGINEER

A degree or diploma holder in Electrical Engineering with 2-3 years of experience in an Engineering or Electrical establishment of repute. Knowledge of Industrial Electronics viz. AC/DC Thyrister Drives, Programmable Controllers and/or Instrumentation and controls will be preferred.

Preferred age: 25-28 years.

Positions are also available in India in these disciplines

An attractive remuneration package will be negotiated. Applications in strict confidence should be sent within 10 days to:

BOX NO AA/246/LU/4, **Business India,** Krishna Villa, 100 Park Street, Calcutta 700 017.

ARCON-Assessment Research & Counselling Centre

We are a newly established professional Centre offering Personnel Assessment as a service to all sectors of business, industry and education. The Assessment service may be had independently or as part of a selection and recruitment plan.

The Centre also has ambitious plans of developing a data bank, providing career counselling to practising managers and educational counselling to full-time students as well.

The Centre needs immediately the following full-time personnel at its office in Madras.

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With a minimum of a Master's degree in psychology and at least 5 years experience in developing and using tests of ability, personality and aptitude. Work experience in academic or research institutions would be an added qualification. We are looking for a young but mature individual, willing to put in extra hours required to get a new activity off and running. The person must be adaptable, innovative and enjoy working in this field. In return we offer a free and open working atmosphere, plenty of challenges and the facility of taking some time off to pursue one's research, writing or other professional interests, within certain broad guidelines.

2. ADMINISTRATIVE ASSISTANT :

An assistant to the Chief Executive who will, besides performing the functions of a Personal Secretary, also look after the needs of a small office. High level of proficiency in stenography and a good command of English are essential. The incumbent will also have to handle considerable amount of confidential information.

Familiarity with computerized data entry will be an additional qualification. Only those with at least 5 years' experience as a Secretary/PA need apply.

Please apply in strict confidence with detailed biodata, specifying present/expected emoluments, within 10 days to :

Mr. S. Ramachander
Assessment Research & Counselling Centre
855, Mount Road
MADRAS 600 002.

ARCC.734.87

The vitality remains

K.S.G. Haja Shareef, *president, Federation of Indian Chambers of Commerce & Industry (FICCI) has had a long career, devoted to politics and business. An active Congressman, he served as confidential secretary to Mahatma Gandhi for two and a half years during World War II. He was a member of the Tamilnadu Legislative Assembly for three terms ie, 1957 to 1967 and 1980-84. During 1980-84 he was also leader of the Congress (I) Legislative party and leader of the opposition. He also served as the sheriff of Madras.*

Shareef has represented industry as president of the Southern India Chamber of Commerce and Industry for three terms, president of the All India Manufacturers Association, president Indo-American Chamber of Commerce (South India Council), before taking over as the president of FICCI.

He was interviewed in Madras by Dharani K. Pani of Business India.

FICCI's image has been tarnished by rifts within the organisation. Are any steps being taken to rectify this situation?

FICCI continues to remain a vital, well-formed organisation. The founding fathers have made it strong, so these misunderstandings have not affected the association. Several of the individuals concerned have served terms as presidents of FICCI in the past, and therefore cannot act to damage this association. FICCI will continue to maintain its position as the supreme apex body representing the views of trade and industry to the government. I have met several secretaries to the government as well as ministers to discuss current problems with them. And FICCI's views are taken note of seriously.

Has the issue regarding bogus members and the criteria for admitting new members been resolved satisfactorily?

I would prefer to call them 'committed' not bogus members, since they support the enrolled members and are not non-existent. FICCI has removed 1,400 such committed members with the co-operation of all concerned. To my knowledge about 300 to 400 committed members continue to remain, but many of this group have been members of FICCI for over 15 to 20 years and therefore cannot be removed easily. FICCI is now very strict with regard to admitting new members. Factors such as proof of existence of members, status, the name of the nominating members, are analysed before membership is granted.

FICCI continues to remain a vital, well-formed organisation. The founding fathers have made it strong, so misunderstandings have not affected the association

Is FICCI making an attempt to increase membership?

FICCI now consists of 1,400 to 1,500 associate members and 450 to 500 ordinary members, ie, the chambers of commerce. After all the committed members are removed, a membership drive will begin. It will not be a campaign, but FICCI will concentrate on strengthening membership in the interior parts of the country.

FICCI does not represent the views of big business houses alone, it gives equal importance to the small scale sector. In order to strenghten this image of representing diverse trade and industry opinions, a study is being conducted to locate the businesses and trades which continue to remain unrepresented. In the meantime, the chairmen of our eight strategic committees and the various ad hoc committees have been requested to travel to interior areas, in order to meet the members of the chambers there, to take up their problems for serious discussion. The response is encouraging.

FICCI has called for the intensification of the export effort in order to service India's mounting foreign debt. What are your proposals with regard to this issue?

FICCI has selected 100 business houses, 60 of which are export houses. I intend contacting them personally, in order to ensure that 10 per cent of their production is reserved for export; the existing exporters should step up exports by 10 per cent. This effort will contribute almost Rs 4,000 to Rs 5,000 crores to the country's exports. With the rise in the prices of petroleum products, the saving of Rs 1,800 crores which was effected in 1986-87 will not be available this year. Therefore export earnings on a much higher scale have become imperative to service the mounting debt burden which is estimated at Rs 38,500 crores. And if commercial borrowings and withdrawals from the International Monetary Fund are taken into account, the debt servicing liability will exceed Rs 4,000 crores by 1988-89 against Rs 2,843 crores in 1985-86.

All sections of industry have to make an effort to contribute to the export effort, and large business houses will have to make a special effort to provide the lead.

What are the thrust areas identified?

Almost ten thrust commodities including leather goods, gems and jewellery and seafood have been identified. But according to FICCI's studies, agricultural products like flowers, vegetables, seeds etc ought to be particularly remunerative. In order to pursue this on a large scale, the government should allot large tracts of uncultivated land to co-operatives for cultivation for the export market. But all this cannot be achieved overnight.

Isn't there a need to step up incentives to increase the export effort?

It all depends on the interest which the government of India is prepared to take. According to FICCI's studies, power is the biggest handicap at present, and the removal of power shortage will be a major form of assistance. The government is encouraging the setting up of thermal power stations of 30 MW to 50 MW by the private sector, and industry should take the cue and plan to sort out its problems in [illegible] sphere.

The economy has benefited by the liberalisation effort. However several hurdles continue to persist. A major deterrent to industrial growth is the delay which entrepreneurs face in getting funds from the financial institutions especially to meet working capital requirements. Licensing etc should be centralised in order to cut down on delay.

What are your comments on the current bearish trend in the stockmarkets?

The developments will have to be looked at in the light of the Patel Committee recommendations. The government has issued a spate of public sector bonds which are very attractive but this is having an adverse effect on the issues of several private sector companies, the new ones among which will not be able to provide immediate returns to the investors.

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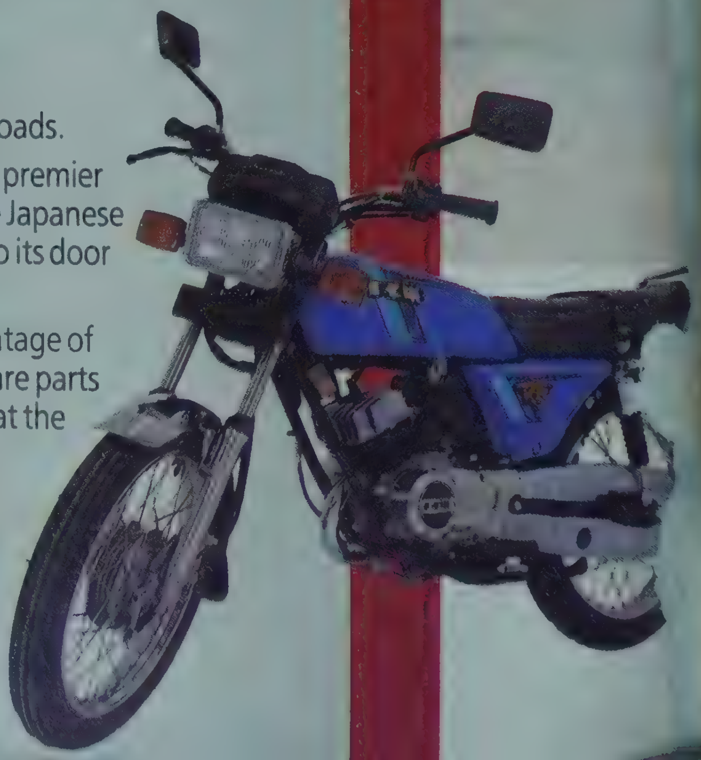
The KB 100 comes with the celebrated advantage of Bajaj's countrywide network of sales, service and spare parts dealers. At each centre, mechanics specially trained at the factory ensure that your motorcycle is maintained in prime condition.

Ride the Kawasaki-Bajaj KB 100 and you'll appreciate why you just can't beat a Bajaj.

bajaj group



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agazine of the corporate world

August 24 to September 6, 1987 Rs. 5

MAFATLALS

SPLITTING HEADACHES

India Steamship
Hindustan Latex
Klockner Windsor

"Abracadabra."
Prestige
STAINLESS STEEL ENGLAND

Rafeeq Ellias & Associates

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3 SEP 1987
C. F. T. R. I., MYS

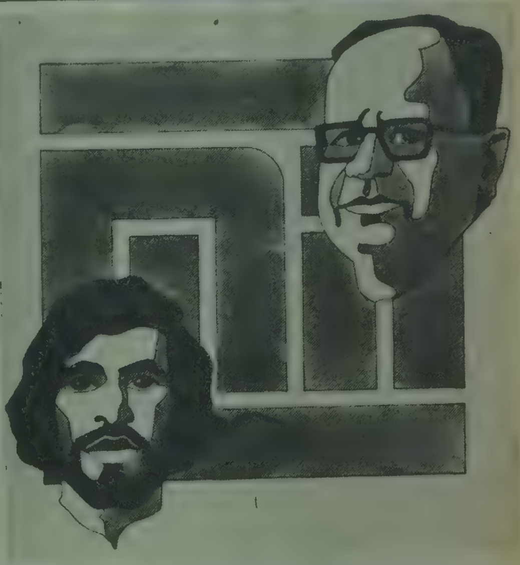
Cover to Cover

ssue No 247 August 24-September 6, 1987

over Feature

6 **Mafatlals**
Splitting headaches

Eight years after a smooth separation, members of the Mafatlal family are today involved in litigation against one another. One major development is that the largest shareholder of the group finds himself in a tight corner
Basudev Das



Corporate Reports

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Clearing the decks

Mounting losses, excessive debt and interest burdens and a ruthless market had rendered the K. K. Birla group company helpless. The company is trying to get back into the black
Kaveri Mittra

60 **Hindustan Latex Ltd**
Upbeat mood

At HLL, plans for the future are not in short supply. By offering a whole range of contraceptives, the company hopes to become a name to reckon with
K. G. Kumar

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Coming of age

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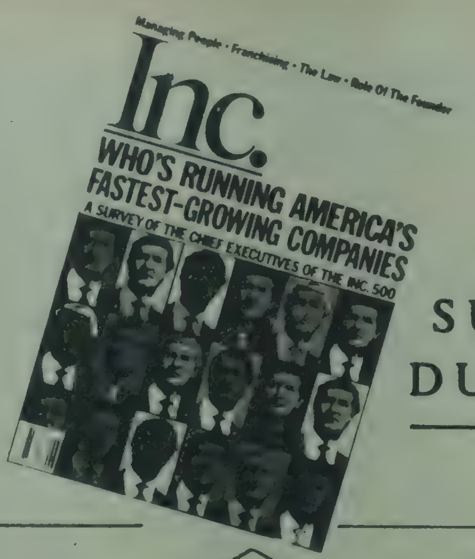
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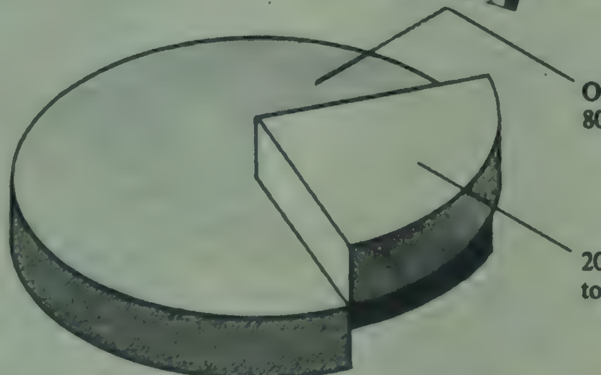

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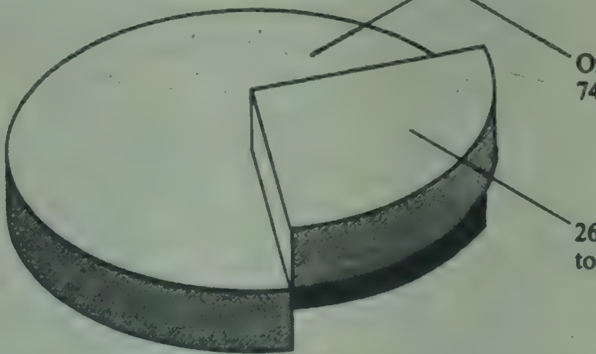

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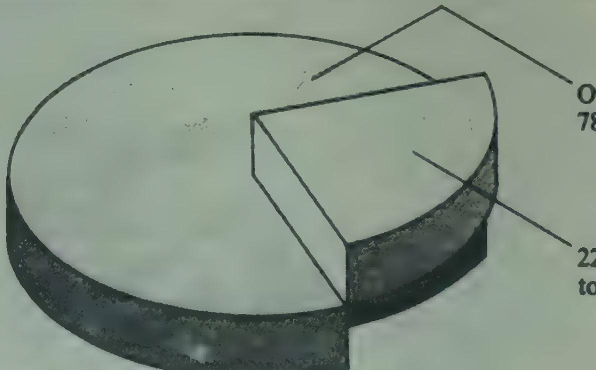

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letter from the publisher

Several times in the recent past we have argued that when there is a split or reorganisation in any business house which involves change in management and control of public companies, it is not a private matter that concerns the family members alone. In fact usually the holding of the family is relatively small compared with that of the shareholding public, not to speak of the large amount of public money tied up in the form of bank and institutional loans. Mafatlals are no exception to this rule.

What is more, several of the large public companies in turn have significant holdings in other public companies floated by the group over the years. In trying to divide the group companies between various family members, often one has to try to unscramble these cross-holdings to give effective control of particular companies to individual family members. The prices at which these valuable blocks of shares are switched around are not always at full market value. Usually this is done to save capital gains taxes. Or often it is because the individual family member or a company controlled by him just does not have the necessary funds. Increasingly the public investors have started asking whether such arrangements are beneficial to the companies and therefore to themselves or only to individual family members. Interestingly, most independent members of the boards, including nominees of the financial institutions, go along quietly.

However, it is equally important to focus on the reasons for this jumble of cross-holdings in every business house, without exception. The reasons are really quite simple. The tax laws and the company laws have extremely restrictive provisions. Over the years, these have ensured that the individuals have little money in white to invest and companies too have to follow circuitous and tortuous routes to make investments in new projects. Typically when a business house promotes a new project, existing companies within the group take up small percentages (below the 10 per cent limit specified in the Companies Act) to make up the promoters' quota. The individual members of the family who have little capital in white make only a token contribution. While it is true that estate duty (which was abolished by the present government just over two years ago) was one of the main reasons why individuals had little money in white. Wealth tax continues to be a very severe deterrent to the growth of officially held private capital. It is only companies that really have any meaningful surpluses. And the law severely restricts the kind of investments a company can make in another company.

The result of these types of rules and regulations is that most leading businessmen spend a good part of their working life in tax planning and looking for loopholes. It is also unrealistic to expect rapid capital formation and investment in new projects under such conditions.

It is now widely accepted that many of our laws have simply failed to achieve the desired results. Is it now time, that we take a cold hard look at this overgrowth of rules and laws which are dead and serve no real purpose. Instead we must have a framework of laws that encourage the growth of our capital markets not only rapidly but also in a clean and straight forward manner.

Ashok H. Advani

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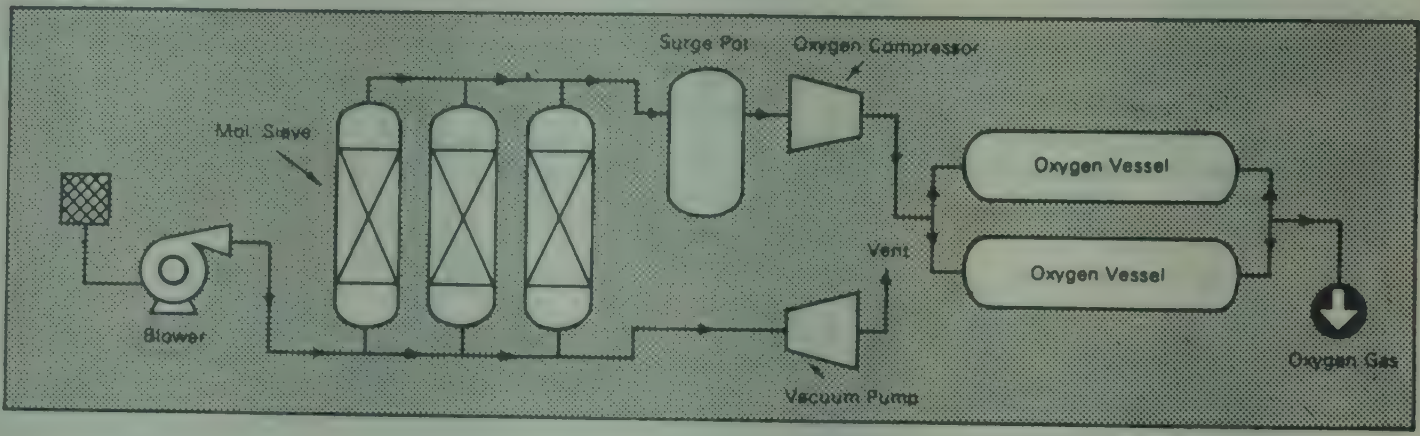

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letters to the editor

Eclipse of the Sarabhais

n connection with your cover feature, 'Calicoup' (27 July), the well-known story about a child and two women, each claiming to be its eal mother, at the court of King Solomon, comes to mind. The real mother gave up her claim and requested the king not to kill the child. Gautam Sarabhai has also given up the chairmanship in the larger interest of the company's employees and shareholders. How many 'owners' have done so? Who wants to give up a 100 per cent reign over one's empire? Only Calico.

Calico is known for its non-corrupt aboveboard dealings, for its legal, 'white' negotiations. Government employees assigned the Calico file (for purposes of income tax, sales tax, excise) consider it a punishment as they do not get more than a glass of water and cup of tea as a favour. This is the reason why Calico gets a raw deal from bureaucrats, resulting in excessive delay in clearing its files. Gautam Sarabhai had given strict instructions to his officers not to do anything illegal under any circumstances.

When Gautambhai took over again in 1982, the company was in very bad shape. Only window dressing kept up the illusion of a good state of affairs. If the Sarabhais believed that they should not lose control at any cost, they did no wrong.

The former chairman's creation of subsidiaries was for the sole benefit of the company. Unfortunately, the idea did not work mainly because of government policies, unfavourable market conditions, a flood of smuggled textile items from yarn to readymades, disturbances in Punjab, Gujarat and some other states, drought, political turmoil and on top of it all, a fire at the Baroda plant and closure of the Bombay plant resulting in heavy losses. Moreover, Gautam wanted no involvement of black money which was also a great hurdle in the finalisation of the deal for the subsidiaries.

Gautambhai's ouster by itself will not be of any use. The government, the financial institutions and banks should now take quick and meaningful steps to remedy the situation. Unfortunately, nothing seems to have happened since the institutions took over. No money has come in. No new directors have stepped into Calico's premises. Moosa Raza, the new chairman, has visited the mills only once during this period. Probably all these people are waiting for Calico to be closed.

Ashok C. Trivedi
Ahmedabad

Who is responsible?

In your Guest Column ('Closure culprits', 13 July), Datta Samant has analysed the problems of industrial sickness in the typical style of a trade union leader and hence his views lack objectivity.

While he was characteristically alert in pointing out the obvious unfair practices of a few unscrupulous employers, which result in sickness, he refuses to open his eyes to the basic problems behind sickness and the consequent inevitability of closures.

I hope Samant will agree that an employer's or an organisation's first and foremost objective is to earn a reasonable amount of profit consistent with the efforts and capital put in by him. This objective, of course, need not be at the cost of the well-being of the employee, nor is there any incompatibility between the two.

An organisation can justify its existence only if its various interest groups such as shareholders/owners, employees, customers, etc, derive the benefits expected out of their efforts and only if they work in tandem. In addition, the government is also supposed to co-ordinate such different interest groups so as to ensure healthy economic growth by a proper central mechanism.

While Samant's tirade against the employers in general is understandable, he conveniently forgets that the most important reason for sickness is the intransigent attitude of the workers and union representatives. The enthusiasm of the unions as shown in their bargaining for monetary benefits is not visible in matters connected with industrial discipline, modernisation and rationalisation, etc, the lack of which leads to sickness. Just as the right to bargain and the right to strike by the unions are deemed legitmate, the right to modernise and rationalise should be available to the employer and there should not be any bargaining in maintaining discipline and preventing violence. Many unions hold the organisations to ransom even if the management takes legitimate disciplinary action against erring employees.

Again, the demands of the unions are often totally inconsistent with the prevailing economic situation and profitability of the industry or organisation. If the demands can't be met out of the earnings of the business, what does Samant suggest? To carry on just like that and for how long?

R. Doraisamy
Coimbatore

Exercise in hypocrisy

I, for one, was left utterly cold by the launch, which I watched on TV, of the year-long celebrations of the 40th anniversary of the nation's independence and Jawaharlal Nehru's birth centenary.

The entire *tamasha* appeared to me to be an exercise in hypocrisy of the most nauseating variety. Rajiv Gandhi's speech was a masterpiee of meaningless platitudes. The speech that preceded his, by Maharashtra's chief minister S. B. Chavan, was a paradigm of the sycophancy that rules today: "Rajiv-ji... Sonia-ji..." and so on through all the *ji-huzoori* that's become the staple diet in Rajiv-*ji's* India.

Doordarshan had telecast some file shots of the great events of 9 August 1942 at Gowalia Tank in Bombay. There were the excited crowds at the take-off stage of the freedom struggle, the lathi-charges, the tear-gas. And most memorably, there was the unforgettable picture of a gallant Aruna Asaf Ali unfurling the tricolour. Such courage and determination were etched into every lineament of her lovely face! Could we but recapture and apply to today's tasks just a fraction of the devotion to the noble ideals that inspired her and her comrades that day and through the years of struggle that followed *"Karo, ya maro!"* — why India would be a very different place in double quick time.

But today we have leaders who will not do what they say, who do not say what they mean, and we ourselves have become, alas, a people who will follow such unworthy leaders on their devious paths, *ji-huzoor*. Gowalia Tank has been rechristened August Kranti Maidan to commemorate that gallant day. But we have forgotten the *kranti* — today we have mainly hypocrisy. Which was illustrated vividly when all the hypocrites scampered after Rajiv-*ji* and Sonia-*ji* as they departed from the scene of the *tamasha*. Leaving behind only Aruna Asaf Ali and another old freedom fighter, P. K. Sawant, forlorn and forsaken on the dais, alone with their glowing memories of another day, another time — when they were young enough and strong enough to fight and win against the greatest empire the world has ever seen.

G. S. Chandy
Bangalore

On the bounce

This is with reference to your article on rubber (Business Notes, 13 July).

For many years now, the All India Rubber Industries Association (AIRIA) has been clamouring for a reduction in the price of natural rubber. Though their contention that the price of natural rubber in the world market is lower than that in India is correct, their argument is absurd. The majority of raw materials and their finished products are low priced in the international market (oil seeds, edible oils, sugar, yarn and textiles, petrochemicals,

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letters to the editor

steel, cement, etc). So singling out natural rubber alone for a price reduction is unfair on the part of the tyre manufacturers.

The annual reports of the tyre manufacturers show that their profits are ever increasing in spite of the so-called high price of natural rubber. With such high profits already in their pockets, they want to further increase the price of their end products. M. K. Kapoor, president, of AIRIA, is trying to create an alibi for such an increase. His argument is not logical. The comparison of cost of production of natural rubber in India and Sri Lanka is like comparing the exchange rates of the Indian and Sri Lankan rupee by non-resident Indians. The comparison is absurd when it is evident that the Indian rupee is much stronger than the SL rupee. Kuwaiti dinars 9.780 will fetch Sri Lankan Rs 1,000, but for the same number of Indian rupees the exchange rate is K.D. 21.950 (as on 16/7/87).

Your correspondent is correct when he says that planters are political fund raisers. So are the barons of the AIRIA. I hope that the government will not be pressurised by the ploy of the AIRIA, and the public should not be hoodwinked by their crocodile tears over the so-called high price of natural rubber.

K. G. Varghese
Safat (Kuwait)

The Nirlon lesson

Thank you for your very interesting cover story 'Dead-end for Nirlon?' (13 July).

The lesson from the Nirlon experience is that one should think twice before making huge capital investments. These days, when there is considerable pressure on top executives to invest in computers, R&D facilities, energy saving devices, etc, they should be extra cautious before taking investment decisions.

K. Lakshmy
Hind Motor Colony
Hooghly (WB)

Not so true

Sharad Joshi's observations 'Operation Flood: moment of truth' (29 June), regarding surplus milk available and the prices of dairy products would have been relevant, had his article on Operation Flood been published a year and a half ago.

Today the situation is the reverse. State dairy co-operative federations, which sometime back were planning to market their surplus milk in milk deficit areas situated at a distance of 1,500-2,000 km away, are now finding it difficult to even meet their own requirements. The prices of dairy produc too, are touching new heights. But this situ tion is due to natural factors like the monsoo drought etc. At such a crucial time gifted da commodities received under the Operati Flood programme play a very important ro in keeping the prices of milk and milk p ducts under control and in ensuring th availability in all urban areas.

Joshi's contention that gifted dairy co modities are having an adverse effect domestic prices is not correct. In fact, mo dairy co-operative unions have increased t prices of milk being paid to milk producers 60 to 70 per cent in the last six or seven yea Gifted commodities are being utilised for su sidising the cost of the infrastructure, proce sing, transportation etc. As a result of this, the one hand, milk producers are getting qu remunerative prices and, on the other, co sumers are getting dairy products at a reaso able rate.

Rajeev Bhanawat
Jaipur

• It is difficult to agree with Sharad Josh statement ('Operation Flood', 29 June) that t rate of increase in the prices of milk from 19 to 1986 is seven per cent.

The rate of standard milk, which w Rs 1.20/kg in 1971 rose to Rs 4.10/kg in 19 and was Rs 4.40 per kg in July. But, it is qui true that the above prices have never provide a remunerative return to the milk producer considering the comparative steep hike in th input prices.

Operation Flood, while laying excessiv emphasis on its Anand pattern of philosoph has tended to neglect the full appreciation the price as an incentive to milk producers raise their output of milk. Hence the resort repeated wholesale inputs of skimmed mil powder and butter oil, affecting the rise or fa of prices in response to free market forces.

Gurbir Singh
Chandigarh

Higher dividend

You have stated that the dividend declared b our company, Shakthi Finance Ltd, for th year ended 31.3.87 is 20 per cent (In Brie 13 July, page 119). The dividend declared b the company is 22 per cent, not 20 per cent reported.

M. S. Shenoy
Divisional manager
Shakthi Finance Ltd
Bombay

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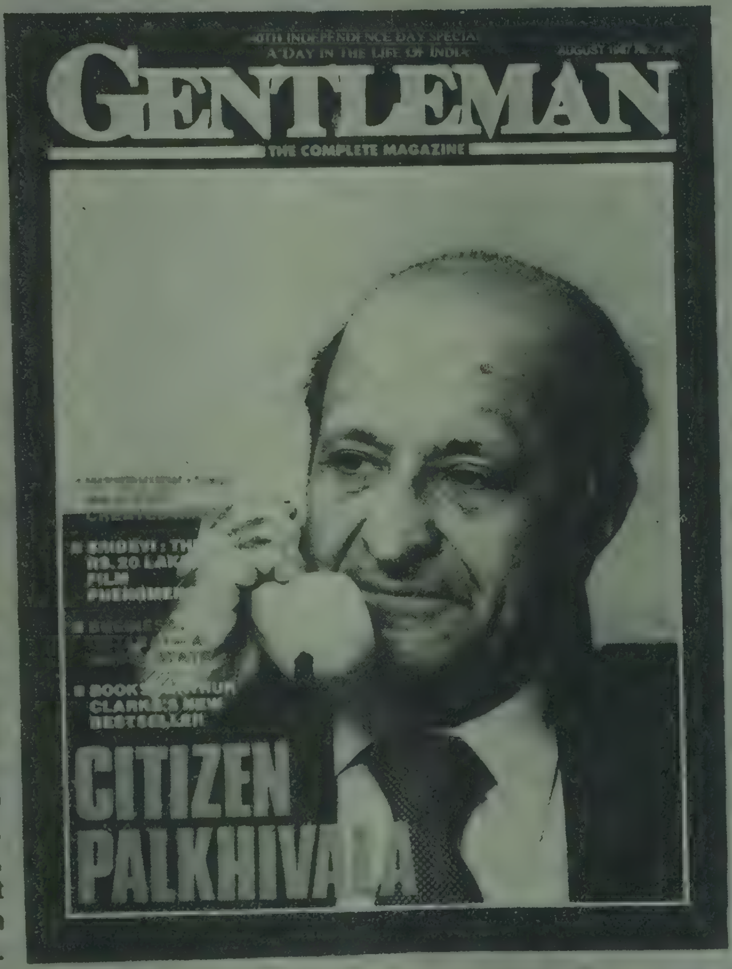
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For Your Information

The art of obfuscation

Don't say	Instead say
I have just found a way to add two and two the hard way.	I have just made a significant contribution to current methodological issues.
I have made a lot of mistakes in my life.	I have been fortunate to have had the opportunity to accumulate considerable experience.
Truthfully, I don't know what I am doing. But sooner or later I am bound to stumble on an acceptable answer.	Because of the complexity of the problem we had to employ the sophisticated Las Vegas technique a converging Monte Carlo simulation.
Everybody knows what the answer is, so let's not waste a lot of time beating around the bush.	On the basis of *a priori* considerations involving Boolean logic and other advanced techniques, it was possible to narrow the relevant decision space considerably.
I feel like taking a trip abroad without spending my own money.	It is our opinion that every agricultural economist has the moral responsibility to concern himself with international agricultural economics. I am ready to live up to this responsibility.
Things are going to change but I don't have the slightest idea in which direction.	The next decade will see changes in agricultural structure which will have dimensions and consistency never experienced hitherto anywhere in the world.
When I started this research I simply forgot to include taxation and inflation into the analysis. In retrospect, it is evident that an analysis of the problem without these variables is useless.	Taxation and inflation are two most important variables which must be considered in a complete analysis of this problem. However, inclusion of these two variables into this analysis was clearly beyond the scope of this study.
Neither evidence nor logic support the conclusion I desire to draw.	Indirect evidence clearly supports our hypothesis. Our hypothesis is further supported by theoretical arguments advanced by Ricardo, Marshall, Keynes, Schultz, Heady, Leontief, Stigle, Fidel Castro and others.

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Mark of excellence

The rubber stamp is finding use in more and more places — from papers to commodities. In Bangalore now, coconut sellers stamp the name of their shop on each coconut before it is sold. So that they are not obliged to take back a rotten coconut if it does not have their stamp on it.

V. Thiagarajan, Bangalore

Looking for a job

At the beginning of the First Plan, that is in 1951, there were 126 en loyment exchanges in India with 329,000 applicants on the live gisters. And at the end of 1986 there were 741 employment exchan in the country with 30 million applicants on the live registers. This i sharp rise of over 3.8 million or about 15 per cent over December 198

Over the last 35 years, that is between 1951 and 1986, it recorde rate of growth of about 14 per cent per annum. Between 1951-1971 a 1971-1986, it recorded a growth of rate of about 14.7 per cent and 1 per cent respectively.

How many employment exchanges and how many applicants there in each state?

Haryana (84; 492,800), Uttar Pradesh (74; 3.2 mn), West Bengal (6 4.2 mn), Bihar (55; 2.9 mn), Madhya Pradesh (55; 17.7 mn), Assam (4 812,300), Maharashtra (38; 2.8 mn), Punjab (37; 609,600), Gujar (35; 877,100), Kerala (33; 2.7 mn), Karnataka (31; 1.08 mn), Andh Pradesh (30; 2.5 mn), Tamil Nadu (29; 2.4 mn), Rajasthan (2 840,100), Orissa (20; 856,800), and Delhi (17; 680,800).

Of the 27.8 million job seekers at the end of June 1986, as many 15.1 million were educated unemployed. Among the educated unem loyed, matriculates account for 58 per cent and graduates and pos graduates 17 per cent.

P. T. Patange, Thane

High on grass

In the drought hit areas of Surendranagar district of Gujarat, grass has become big business.

One kg of wheat costs Rs 1.50 (at fair price shops), whereas one kg of grass (fodder) costs Rs 1.50 to Rs 1.70. Fodder merchants are making hay while the sun shines.

Panneru Laxman Rao, Kharagpur

Booth business

British Telecommunications Ltd has decided to sell off all its old telephone booths (around 60,000) installed in London and replace them with new, modern ones. It has already sold about 3,000 old booths at a price equivalent to Rs 4,000 each.

One telephone booth has been presented to a newly wed couple by friends, "because they first met each other at a public telephone booth." Some booths have been turned into beauty parlours, bars and pet houses. The company has also received export orders from the US and Japan. An American has presented one to his daughter, "so that she has the privacy for her telephone conversations with her boyfriends."

Nattu, Bombay

Apple power

A lot of the apple crop around th world goes to the market as bo tled juice. In the US alone, the i dustry has to spend around $1 million annually to dispose about 1.5 million tonnes of the re maining apple pulp — pomace.

A report in the Environme News Digest says that engineers Cornell University have found way to make pomace yiel methane and what is left from th process can be used as fertiliser.

A tonne of pomace produce $10 to $30 (Rs 130 to Rs 39 worth of energy when subjecte to Cornell's "anaerobic diges tion" procedure. Forty per cent the pomace disappears in the pro cess, which leaves less to b carted off.

CEE-NFS

That extra push

Winter is the best time to get a job if you're a bouncer sort in Tokyo One of the city's commuter railway hires 80 additional em loyees to stuff passengers into its trains because the passengers bulky winter clothing takes up more space and extra jamming is necessary!

P. Venkateswara Rao, Hyderabad

Out of office and n the stands

My boss and I

When I take a long time — I am slow;
When my boss takes a long time — he is thorough.

When I don't do it — I am lazy;
When my boss doesn't do it — he is too busy.

When I do something without being told — I am trying to be smart;
When my boss does the same — that is initiative.

When I please my boss — I'm apple — polishing;
When my boss pleases his boss — he is co-operating.

When I do good — my boss never remembers;
When I do wrong — he never forgets.

Nattu, Bombay

Primary facts

A few statistics on our primary schools. The number of primary schools in India is 486,636. More than 40 per cent of them do not have proper buildings. Another 40 per cent or so do not have black boards; 85 per cent do not have toilet facilities. Nearly 160,000 are one-teacher schools.

P. T. Patange, Thane

Strong currency

The West German government prints currency notes with nylon threads meshed in them, which are water and wear and tear proof.

D. N. Rajan, Bombay

BusinessIndia

Business India invites readers to send original contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contribution.

Cricket fever

It was in the late 50s or maybe early 60s. The visiting team was due to play in Bombay after a 1-1 result in Delhi & Calcutta. Everybody didn't have a radio and TV didn't exist. So Bombay's cricket lovers would do anything to get into Brabourne Stadium. Sometimes a single ticket would be shared by as many as 10 people — each watching the game for half a day in a 5-day series!

Attendance in offices and factories grew thin. If anybody did get to work it was because he just couldn't manage to get into the stadium. Hardly any work was getting done anyway. Everyone was talking cricket.

It was against this backdrop that the manager of the company where I used to work put up the following notice:

To all personnel:

Those of the employees or their family members who are suffering from or likely to suffer from any one of the following ailments, viz: Arthritis, belching, cholera, dysentery, eczema, fever, gout, hyperacidity, ischaemia, jaundice, koch's infection, laryngitis, mumps, neuritis, opthalmia, pneumonia, quinsy, rheumatism, small pox, toothache, ulcer, vertigo, whitlow, xanthochromia, yellow fever, Zollinger-Ellison-syndrome, etc, etc may apply for leave at least 3 days prior to the match.

V. Hariharan Iyer, Bombay

Fast growers

The fastest growing economies during the five years to the end of 1985 were those of the unlikely countries Botswana, China and Cameroun.

Botswana's average annual growth of 12.1 per cent a year owes nothing to its farm output but to the opening in 1983 of the huge Jwaneng Mine which more than doubled the country's production of diamonds, to 12.6m carats.

China owed its growth of 9.8 per cent a year to its shift to a form of market economics. Agricultural production has blossomed with the privatisation of peasant plots. And the switch from heavy engineering to light manufacturing has given industry (already expanding by 10 per cent a year during the late 1970s) an added boost.

Cameroun's economy grew by an average of 8.6 per cent a year. Oil has been its mainstay. Oil revenues have helped it to finance agriculture-boosting policies. Increased food production helped to balance a drop in earnings from cash crops like cocoa, coffee and palm oil.

P.T. Patange, Thane

Things

A Greek poet once composed a prayer for his friends to use. It leaves discretionary powers fully in the hands of god. It goes like this: O Jupiter! Give us those things which are good for us, whether they are such things as we pray for or such things as we do not pray for; and remove from us those things which are hurtful though they are such things as we pray for.

Noshir G. Gandhi, Bombay

All round gains?

A funny thing, the stock exchange. Every time one person buys, another sells — and both think they are smart.

Gurdeep Anand, Pune

Tamarind use prevents fluorosis

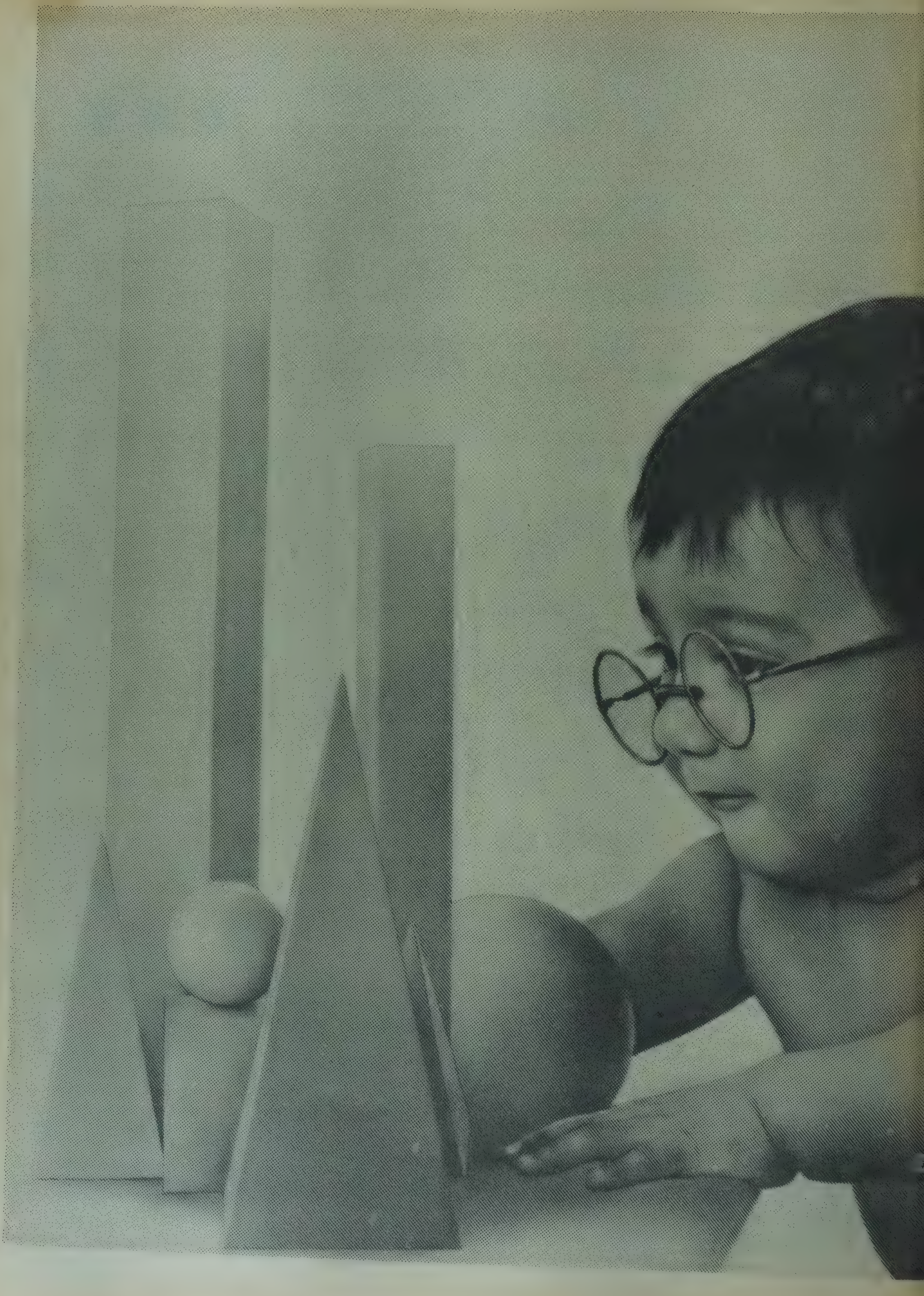
Fluorosis, a disease prevalent in many parts of India, is caused by drinking water containing dissolved fluorides of a concentration of three parts per million or more. It has been recognised that concentrations upto one part per million is necessary for the health of human teeth.

Fluorosis, which affects the human skeletal system is caused through the absorption of fluorides by some mineral constituents of the body. There is an increased bone density, a mineralisation of the ligaments, immobilisation of the joints and stiffness of the spine.

During the course of investigations into the disease, Dr Sriramachari, additional director general of the Indian Council of Medical Research, (now superannuated) found that some culturally homogeneous groups of people were not affected, although they lived in fluoritic belts. He noticed that the unaffected groups had in their diet decoctions of ripe tamarind fruits in some form or another. Rasam and sambar were the usual forms. Subsequent laboratory experiments showed that the concentration of a standard solution of sodium fluoride of 10 parts per million (ppm) could be brought down to 2 ppm by the addition of tamarind gel alone and further to 0.05 ppm by the extra addition of a small amount of common salt.

Through such similar investigations over the years Dr Sriramachari came to the conclusion that the inclusion of liquid concentrates of ripe tamarind fruits in the diet includes bio-unavailability of the fluoride ion thereby preventing the absorption of any fluoride by the body even when it is abundantly present in the drinking water. This conclusion was confirmed by an explosive increase of this disease when tamarind was replaced by tomato in the diet of the people living in some of the fluoritic areas of Karnataka

CEE-NFS



INTRODUCING A PROJECT ENGINEERING COMPANY WHICH HAS ONE OF THE MOST DIVERSIFIED PROJECT PORTFOLIOS, EVEN BEFORE IT STARTED

Consider a project engineering company which has successfully implemented a wide range of diversified projects.

Jaykay Tech.

Begun 15 years ago as the projects wing of a major industrial group, Jaykay Tech now has an impressive portfolio of diversified high technology projects.

Jaykay Tech offers a comprehensive range of project consultancy and engineering services in diverse fields including synthetic yarn and fibre, chemicals, petrochemicals, thermo-plastics, cement, thermal power plants and non-conventional sources of energy. The company undertakes complete turnkey ventures from the inception of the idea to the commissioning of the plant.

These services are backed by a vast infrastructure — a team of over a hundred enterprising technical professionals, access to foreign technical know-how and advanced design and fabrication facilities.

That's why Jaykay Tech now has a unique portfolio of prestigious high tech-projects.

For a company that has just begun, Jaykay Tech sure has come a long way!

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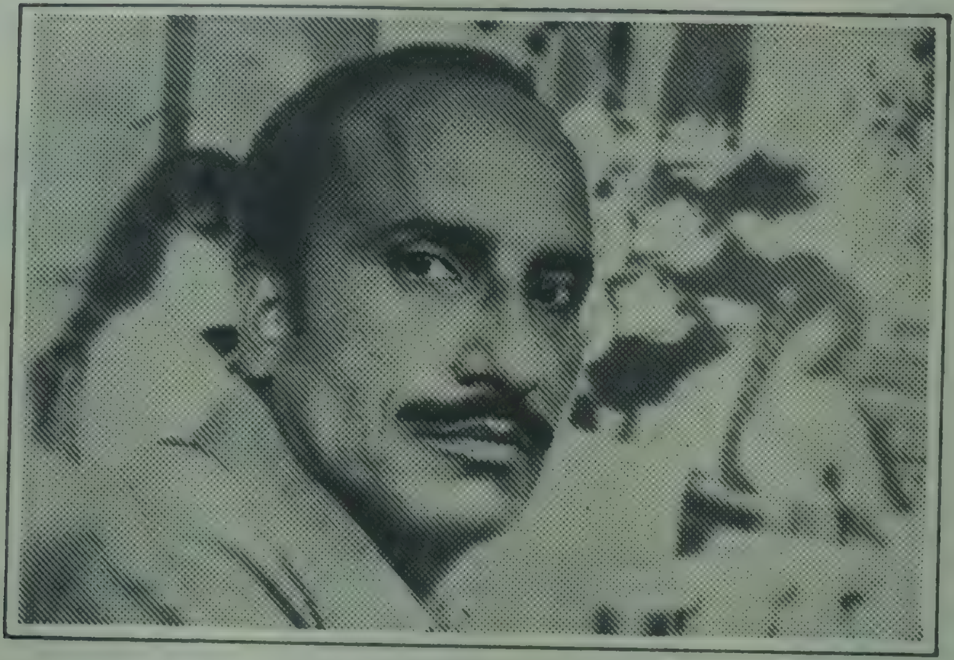


Who is this man?

You can see him on the shop floor or in the turbine hall, in the research laboratory or at the project site, at the computer terminal or at the office desk.

He belongs to the nation's largest engineering company, a company that serves the vital sectors of Indian economy: Power, industry, Transportation, Oil & Gas.

He has absorbed the world's latest technologies and adapted them to suit Indian conditions, given the nation its first 500 MW turbine-generator set and more recently, the first desert oil rig.

He has produced power equipment for nearly 60% of the country's installed capacity, electrical drives for 65% of trains of the Indian Railways and supplied equipment for major industries.

He has developed new products through in-house R & D and commercialised them. To name a few, fluidised bed boilers, mini-micro hydro sets, battery-driven pollution-free vans, solar thermal pumps and wind energy systems.

He has also ventured into new business lines: gas turbine based co-generation plants, cathodic protection system for the HBJ pipeline, christmas tree valves and well-head assemblies for oil exploration and AC-locomotives for the railways.

His experience and expertise have been recognised in 45 countries. Besides supplying equipment, he has executed turnkey projects, undertaken operation and maintenance, repairs and renovation, consultancy and training of staff in different parts of the world.

His contribution has helped the company achieve a record turnover of Rs. 1,993 crores and a pre-tax profit of Rs. 162 crores in 1986-87. His individual turnover touched Rs. 2.66 lakhs in 1986-87 as against Rs. 1.66 lakhs in 1982-83—a testimony to his rising productivity.

Performance that did not go unnoticed. Performance that brought him prestigious national and international awards for Workmanship, Innovative R & D, Productivity and Safety.

And earned for his company, a pride of place among the "Fortune International 500".

Who is he?

Who else, but the BHEL man.

Bharat Heavy Electricals Limited

(A Public Sector Undertaking)

R K SWAMY/BHEL-87/4886

Listening Post

Mon Cherry

While seasoned stockmarket players are awaiting a reaction in share prices, one particular scrip may surprise them. And that is Reckitt and Colman of India Ltd (RCI). Its equity touched a new high of Rs 220 and is currently quoting at Rs 206. Quite obviously, there is some interested buying that is going on.

The buyer's name being mentioned on the corporate grapevine is that of Parasmal Lodha (31), a young Marwari who has made a fortune in the real estate business. Recently, Lodha acquired Peerless, and has been using the company's Rs 700-crore hoard for inter-corporate lending. His clientele include blue chip Calcutta companies, including those of the B. M. Birla group. Lodha is also on the board of Orient Paper.

Recently, Reckitts, UK, acquired the business interests of Nicholas Laboratories in India, Sri Lanka, and Pakistan. And there is a plan to merge the latter's Indian subsidiary, Nicholas India, with RCI. G. P. Goenka, to whom Lodha is particularly close, has a stake in Nicholas India. Market purchases of RCI shares have ensured that post-merger, the Lodha-Goenka stake in RCI will be substantial. Well-informed observers say, however, that no final decision has yet been taken on the merger question, and the plans are still somewhat fluid.

RCI's operations are highly profitable — last year, it earned a pre-tax profit of Rs 7.61 crores on a share capital of Rs 4.19 crores. Further, the company has a string of established brand names — Dettol, Disprin, Robin Blue, Cherry Blossom. There are other attractions too. If RCI is merged with Nicholas India, its position in the analgesic market will be unchallenged, since the latter manufactures the leading brand, Aspro. And the real estate RCI holds in Calcutta is grossly undervalued.

Ironically, Reckitts, UK, is itself an attractive pick, and is reportedly high on the acquisition list of Unilver.

A new incarnation

Now that Assocham has achieved its long-standing desire to merge with the Bombay based IMC, more changes are apparently on the way. Besides the fact that the power structure within Assocham will have changed, even a change of name is likely, say Chamber insiders. At the moment, nobody is willing to guess what the new Assocham incarnation will be called. The proposed change will take place only after the next president takes over.

Perhaps, in keeping with the restructuring, Assocham is also understood to be acquiring a new social conscience. Apparently, one of the first acts of the new governing council was to try and work out industry's response to the drought. At the moment, though, a package seems elusive. An active hunt for innovative intervention is understood to be on.

Chhabria again?

Not deterred by the unsuccessful bid to take over Chloride India's foreign equity holding, corporate raider Manu Chhabria is now believed to have set his sights on the 40 per cent stake of British Leyland in its Indian subsidiary, Ashok Leyland. With formidable bidders like Rahul Bajaj and S. K. Birla already in the fray, corporate circles expect the stakes to go up further.

At the current price of around Rs 35 per share, British Leyland's holding in Ashok Leyland is worth Rs 30 crores or £15 million on the Indian stockmarkets. Earlier, company watchers had expected the foreign holding to change hands at around £25 million. But now with Chhabria in the fray, an unbelievably high consideration of £40 million is being rumoured. Unbelievable, because Ashok Leyland has not done too well in recent years and by no stretch of the imagination can it be called a cash cow.

Interestingly, there is also talk that Chhabria is not bidding alone. Instead, there is believed to be a joint bidding by a group of NRIs with Chhabria as the frontman. Perhaps, his successful takeovers of Shaw Wallace (after a long, tortuous battle) and, more recently, of Mather & Platt, has given many high net worth NRIs a lot of confidence in Chhabria.

Those who can't teach

The exit of Arun Singh from the Rajiv ministry at a crucial time has caused great consternation within the government because it looks as if Rajiv's friends are deserting the ship. News in the capital that Singh may now be contemplating a teaching assignment at Cambridge, UK, has caused flutters once again since this probably implies that Singh may quit his Rajya Sabha seat and leave the country for an extended period.

Meantime, political analysts in New Delhi are still wondering about what inspired Singh to make the spirited defence of the Bofors gun that he did in Parliament. He seems resigned to being just a normal MP, if at all, since plans for a change in residence, are, it is understood, being finalised. Thus, at the moment, the great buzz in New Delhi is: who will move in to be the Gandhi's neighbours at Race Course Road?

Going soft

With several brands of fruit drinks in tetrabrick packs the market is certainly growing. Vijay Mallya's United Breweries which has tried to establish a beachhead in the soft drinks market (Thril, Rush, etc) seems to have noticed the rising sales graph.

Reports are current that Kissan Products Ltd, a group company firmly entrenched in the ketchup and squash markets, is negotiating an all-India distributing agency for 'Jive', a tetrabrick drink made by Gujarat Agro Industries. This drink is currently available in Gujarat, Madhya Pradesh and Rajasthan.

Kissan's extensive outlets, all over India may well clinch the deal. But the group has been much more successful in pushing the hard stuff.

Will they be as successful with the soft stuff?

Rural labour commission set up

The constitution of a national commission on rural labour has been announced in Parliament by the union labour minister P. A. Sangma, for a better understanding of the all-India as well as specific regional problems of rural labour.

The commission will be headed by Jinabhai Darji and will have H. Hanumanthappa, R. P. Panikur, Keyur Bhushan, Dr P. C. Joshi and Dr Pradhan H. P. Prasad as members.

Technology upgradation scheme

The Prime Minister, while presenting the central government's budget for 1987-88, mentioned that a special programme of technological upgradation for selected capital goods industries would be launched by the financial institutions for the 3 year period up to the end of the current Plan. The objective of this programme is to induct the latest technology in some selected industrial units in the capital goods sector, improve indigenous R&D facilities for constant upgradation and reduce costs. The details of the technology upgradation scheme (TUS) were to be announced separately by Industrial Development Bank of India.

The scheme as now formulated and announced will initially cover technological upgradation of industrial units engaged in the manufacture of electrical machinery, power generation equipment, ferrous castings and steel forgings, machine tools and some other selected industrial machinery.

The assistance under the scheme will be need based and a flexible approach will be followed with regard to debt-equity ratio, which could be up to 3:1 and promoter's contribution, which will generally be expected to be around 15 per cent of the cost of the scheme.

Part of the assistance under the scheme would be provided at a concessional rate of interest of 11.5 per cent. The loans under the scheme will be exempted from the convertibility option.

To promote the marketing of the equipment to be manufactured under the scheme, the existing facilities under the IDBI's bills rediscounting scheme have been liberalised by reducing the bills rediscount rate by one percentage point and the requirement of down payment from 15 per cent to 10 per cent.

Assocham evolves plan on drought

The newly constituted Assocham committee on infrastructure which met in Bombay recently, has evolved a work plan for the current year.

In view of the unprecedented drought conditions prevailing in many parts of the country, it was decided that the regional chambers of commerce and industry will initiate dialogue with their respective members and coordinate their efforts with the various state governments for implementing measures that industries can undertake to mitigate the adverse effects of drought on their operations. This will include a flash assessment of the available infrastructural facilities and optimisation of resources for drought relief. A national level workshop on this subject is proposed to be held in New Delhi by the end of next month.

Stockscan links five stock exchanges

The five major stock exchanges of the country have been electronically linked since 11 August f instant display of local as well inter market stock prices, with th inauguration of the computer ar communications network calle PTI Stockscan.

PTI Stockscan links the stoc exchanges at Bombay, Delh Calcutta, Madras and Ahmedabac While the Bombay and Delhi exchanges will have two boarc each for local as well as inte market display, the other three exchanges will have one board eac for inter-market display of price (see Market News).

LAB makers not allowed N-paraffin facility

Future manufacturers of linea alkyl benzene (LAB), a key inpu in the making of detergents, wi have to depend on refineries fo their N-paraffin supplies as the will not be allowed to set u facilities to make N-paraffin usin kerosene.

The petroleum ministry has reportedly taken a decision to th effect that refineries themselve will make N-paraffin to meet th demand of LAB manufacturers.

In the meantime, manufacturer of LAB will be allowed to impor N-paraffin at a duty rate which will make the price of the imported raw material comparable to the domestic one.

At present, the public sector Indian Petrochemicals Corporation Limited (IPCL) is the only producer of LAB. The two other licensees are Reliance Industries and Tamil Nadu Petroproducts. The latest decision of the petroleum ministry will help both the companies to cut down the investment costs of their project.

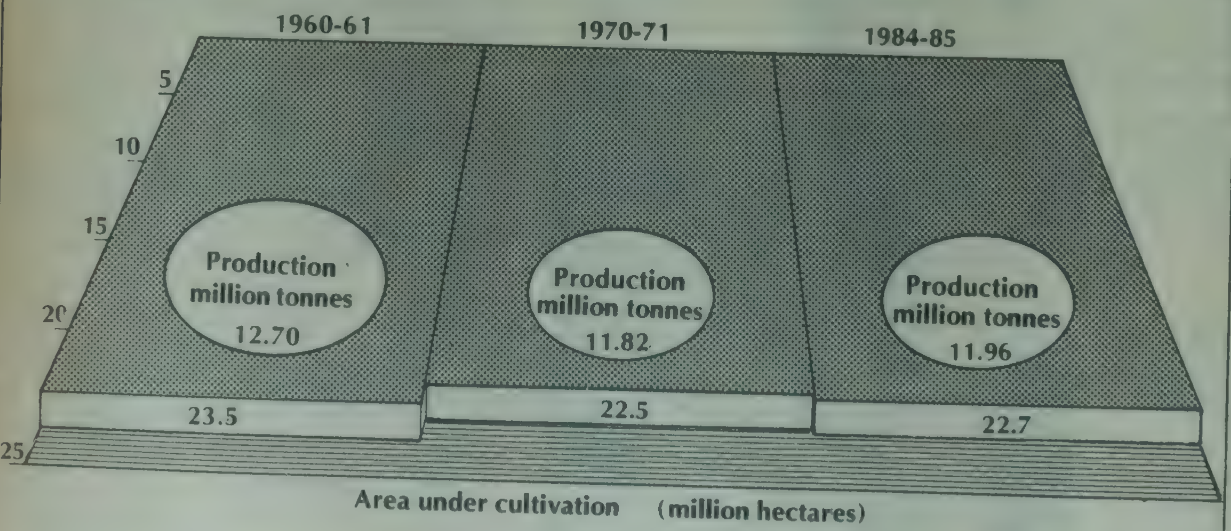
Applications of Hindustan Lever and Vam Organic Chemicals for the manufacture of LAB are pending with the government.

Imports of ships for scrap under OGL

The import of vessels for breaking has been brought under the open general license. This facility will be available to registered shipbreaking units only.

This decision of the government

Pulses: cultivation and production



Despite efforts to the contrary, the production of pulses, the main source of proteins for a majority of Indians, has decreased over the last 25 years. Per capita availability has dropped from 47 grams in 1960-61 to 40.6 grams in 1986. Imports have increased too. Between 1984-85 and 1985-86, these increased by 90,000 tonnes to 318,000 tonnes.

ANDREW GONSALVES

is aimed at streamlining the procedure for quick scrapping of old vessels and to enable the shipping industry to invest in the modernisation of its existing fleet.

Japan is biggest donor for India

Japan will extend to India Rs 593 crores as concessional loan during 1987-88 for executing nine projects in the fields of power fertilisers and communications.

The successive increase in the quantum of Japanese aid to India during the last two years has made Japan India's biggest donor.

The interest on the loans has been cut by 0.5 per cent to 2.75 per cent this year at the request of the Indian government.

Agro climatic divisions being planned

The government is considering the creation of agro-climatic divisions in the country for proper farm planning. The cropping pattern and irrigation system would be on the basis of the potential of the divisions. This was stated in the Lok Sabha by the agriculture minister, G. S. Dhillon during the marathon six-day debate on the drought situation.

Dhillon also assured the house that all efforts were being made by the Centre to augment the supply of food, drinking water and fodder, and tackle unemployment in the affected states.

C-DoT to develop ISDN

The Centre for Development of Telematics (C-DoT) has been given a mandate to develop an integrated service data network (ISDN) — the telecommunication technology for the future.

The budget for C-DoT's second mission will be in the region of Rs 10 crores per annum over a period of three years. In addition Rs 12 crores will be provided towards building and other facilities.

Work is expected to commence shortly and the ISDN is expected by 1990.

Single window scheme to boost leather exports

The minister for finance and commerce, N. D. Tiwari, has announced the government's intention to set up an inter-ministerial committee to provide a single-window clearance for meeting the leather industry's rquirement of raw materials, equipment and other facilities on a priority basis. The aim of the committee would be to boost production of leather and leather goods for the domestic market and, more important, for exports. Leather and leather goods are among the 14 identified sectors for a special export thrust.

Tiwari has also announced the setting up of a hides and skin development fund to be financed and operated by the Leather Export Promotion Council. The fund is for promoting the development, fabrication and distribution of improved tools for tanning, training facilities for artisans and demonstrations of improved techniques for the preservation and handling of skins and hides.

German aid for high-tech research

The West German minister for Research and Technology, Dr H. Riesenhuber, who was in India recently on a week long tour, had discussions with cabinet ministers and government officials in New Delhi regarding German financial and technical assistance for high-tech research projects in India.

According to the German minister, eight projects in the high tech areas of micro electronics, medical and bio-technology are being considered for German assistance.

No assurance to NTC suppliers

The union minister of state for textiles, Ram Niwas Mirdha, has refused to give any firm assurance to suppliers of textile machinery, stores or chemicals about early payment of their pending bills by the ailing National Textile Corporation (NTC).

Vijay Kalantri, president of the Association of Merchants and Manufacturers of Textile Stores and Machinery complained to Mirdha about the "perennial problem of payment" at the association's 44th annual general meeting. Mirdha gave no assurance but only advice to the suppliers to have a "constant dialogue" with NTC.

Uniform sales tax urged for electronics

The All India Radio and Electronics Association has appealed for a uniform rate of sales tax on electronic items in order to promote the development of electronics in the country.

The association has pointed out to the minister of finance and commerce, N. D. Tiwari, that the introduction of differential rates of sales tax on electronic items by various states on items produced within the state and those outside affects not only production volumes but also restricts consumer preference.

ISMA suggests changes

The Indian Sugar Mills Association (ISMA) has demanded maintenance of a "reasonable economic price" of sugar, change in the levy and free sale ration and other supporting measures to correct the imbalance in the production and consumption of sugar during the seventh plan period.

In a document entitled "Mid-term appraisal of the sugar industry", the ISMA has suggested liberalisation of the proportion of levy and free sale sugar from 50:50 at present to 40:60.

Duty cut on 2-wheeler parts

The customs duty on components for the manufacture of fuel efficient two-wheelers under the phased manufacturing programme approved by the Director General of Technical Development in the industry ministry, has been reduced from 25 per cent ad valorem to 10 per cent ad valorem.

The concessional duty will be valid for a year up to 9 August 1988. The revenue loss for the government on account of the reduction in customs duty is expected to be Rs 26 crores in a full year.

Viscose fibre to be imported

The centre has decided to allow the import of 20,000tonnes of viscose fibre which can be blended with cotton, to ease the present cotton shortage.

According to the minister of state for textiles, Ram Niwas Mirdha, the government is also planning more duty concessions and excise reliefs for viscose manufacturers with the same aim.

Equity fund for small entrepreneurs

The government has announced the setting up of a National Equity Fund to provide equity capital assistance to small entrepreneurs in rural as well as urban areas with a population below 500,000.

To start with the fund would have a capital of Rs 10 crores. The union government would make a provision of Rs 5 crores and the Industrial Development Bank of India, the administrative agency, would provide a matching contribution.

The assitance under the scheme would be available not only for new projects but also for the rehabilitation of small viable sick units.

DoE reviews output shortfall

The Department of Electronics (DoE) has started a review to identify the reasons for non-realisation of production and export targets for electronic goods.

The secretary, DoE, P. P. Nambiar, has initiated a series of meetings with various organisations and agencies in the electronics industry to find ways to speed up growth.

The earlier target of annual production of electronic goods and exports was Rs 10,000 crores and Rs 1,000 crores respectively. But the production achieved during 1986 was worth only Rs 3,640 crores and exports Rs 240 crores only.

ONGC tops profit list

The Oil and Natural Gas Commission is the most profitable enterprise in the country. The final accounts for 1986-87 show a net profit of Rs 1,484 crores — a 14 per cent increase over the previous year. It will pay the government a record dividend of approximately Rs 40 crores.

ONGC showed an all round improvement in its performance last year. Crude oil production was 27.86 million tonnes, gas supplies increased by 1,729 million cubic metres and LPG production went up by 130,000 tonnes.

Khandelwal Electronics expands

Khandelwal Herrmann Electronics Limited, one of the country's largest manufacturers of semiconductor devices, has teamed up with Gold Star Co Ltd of South Korea to manufacture components for the television industry. Under a technical collaboration agreement, Gold Star will assist the company to manufacture diode split transformers and deflection yokes. The project cost is Rs 8 crores and Khandelwal plans to produce two million pieces at a market value of around Rs 15 crores.

Falcon Tyres gets new management

Following Shaw Wallace's acquisition of a 24 per cent equity stake in Falcon Tyres, N. S. Venkateshan, SW's senior vice president, has become non-executive chairman on Falcon's board. Shaw Wallace acquired its shares from the original promoters of the company.

N. S. Bedi, formerly of Dunlop India, has also been appointed to the board as chairman of the management council. He will be responsible for running the company. Other new people on the board are A. K. Shivaramakrishnan, M. S. Parekh and T. S. Subbarao.

IA to buy Airbuses

Indian Airlines is buying 19 A-320 aircraft from Airbus Industrie. Delivery of the planes will be between April 1989 and March 1990 and the Rs 1,238-crore contract gives IA the option of purchasing 12 more aircraft between 1990 and 1991.

Light Metal and India Foils merge

Light Metal Industries (LMI) will merge with India Foils Limited (IFL). The former was originally promoted by IFL and the West Bengal Industrial Development Corporation. IFL currently holds 25 per cent of LMI's equity, WBIDC holds 26 per cent and the public holds 49 per cent. LMI manufactures foil sheets, coils and other rolled products at a plant in Hoera in the Hoogly district of West Bengal.

India Foils to modernise

India Foils Ltd (IFL) has launched a three year modernisation cum expansion scheme, which will cost over Rs 27 crores. It has signed a technology agreement with Cegedur Pechiney of France, which will help it upgrade its entire range of aluminium foils and strips. It is in the process of finalising a project to manufacture hi-tech packaging products and systems.

Parke Davis project cleared

Parke Davis has received a letter of intent to manufacture razor blades but will be required to export five per cent of its total producton for five years. Another stipulation is that the company will not be allowed to use any foreign trade mark on products sold locally.

The plant, which will manufacture 240 million stainless steel blades and 60 million twin blades will be situated in a backward district in either Maharashtra or Andhra Pradesh.

Reliance betters rights offer

Reliance Industries proposes to make a rights issue of new equity shares on a one-for-four basis, instead of on a one-for-five basis as announced earlier. The management also proposes to try and get the premium of Rs 62.50 on the proposed issue reduced by Rs 10. Subject to approval, the company also proposes to retain an additional 25 per cent subscription in case the issue is oversubscribed.

ECPL tie-up with Japanese companies

The Electronics Consortium Private Ltd (ECPL), manufacturer of black and white colour televisions, has entered into collaborations with National and Foster, both Japanese companies, for the manufacture of deflection components for TVs and loudspeakers respectively.

The trial production of deflection components has already begun at the company's plant in the New Okhla Industrial Development Area (NOIDA) near Delhi.

The production of loudspeakers, for which the licensed capacity of the company is one million, is expected to begin by June 1988.

BHEL gets Periyar contract

The state owned Bharat Heavy Electricals Limited has won a contract for the supply of generating equipment for the 180 MW lower Periyar hydro electric project, against considerable global competition.

Bids for the World Bank financed project were received by the Kerala State Electricity Board from manufacturers in Italy, Japan, West Germany, UK, Switzerland and Austria.

Located in Idukki district o Kerala, 90 km off Ernakulam, th project will have 3 units of 6 MW each. BHEL will design manufacture and supply the hydr turbines, generators and auxi laries. The equipment, to be manufactured by the Bhopal unit o BHEL, will be supplied by 1990.

India Steamship tie up with USSR liner firm

India Steamship Company and th premier USSR liner shipping company the Black Sea Steamship C Ltd, have signed an agreement fo the transportation of India Steamship's containerised cargo on vessels operated by the Black Sea Steamship Co between India an UK/north continental ports.

HSL set to diversify

Hindustan Shipyard Ltd (HSL), Visakhapatnam, is diversifying into contructing ocean-going commercial vessels and sophisticated drill ships and patrol vessels for the navy and the coast guard. HSL feels that the new projects will help it reduce the losses it has made over the last couple of years. HSL has faced problems of production backlogs and large outstanding debts. The government recently sanctioned Rs 20 crores to bail HSL out of its financial difficulties.

Isgec John tie-up with Finnish firms

Isgec John Thomson has signed know how agreements with two Finnish firms for technology to manufacture fluidised bed boilers. The company has in the meantime filed applications with the union government for the approval of the agreements.

Of the two Finnish companies, Outokumpo Oy, a government organisation, will provide technology for bubbling bed boilers while Ahlestrom Corporation, a private company, will supply technology for circulating type fluidised bed boilers.

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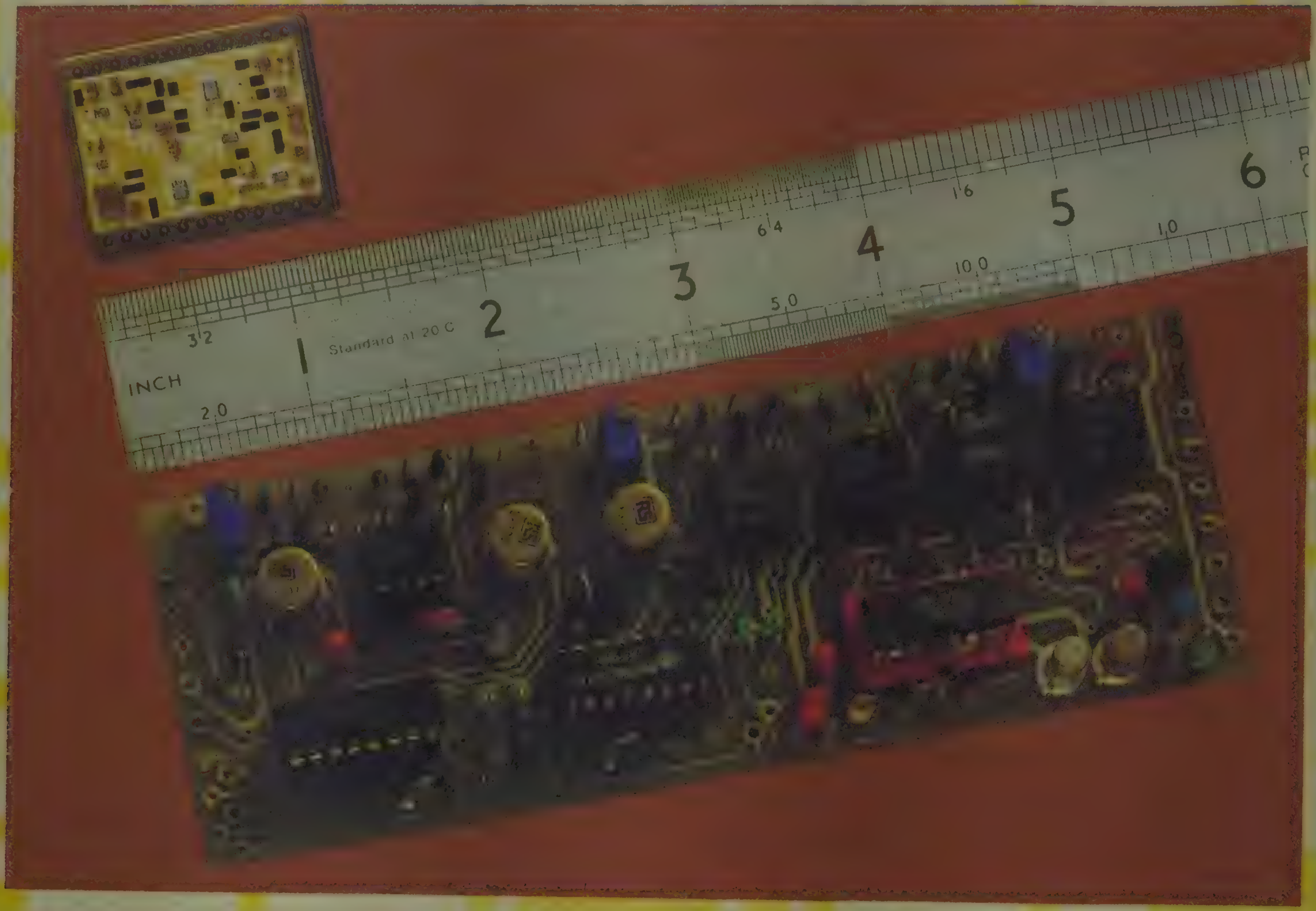

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TTC instals Aurelec's Superlan

Thiruvalluvar Transport Corporation (TTC), the Madras-based bus corporation with a fleet of 750 buses, carrying 72,000 passengers over 420,000 km every day, has installed Aurelec Data Processing Systems' Superlan network at its Parry's Corner terminus, Madras. The 6,000 passengers booking tickets in advance every day from there will benefit from this computerised on-line reservation system. The complete operation of booking a ticket, paying for it and getting back the change now takes an average of 55 seconds, compared with more than 2 minutes for the old manual system.

Modis set up software export unit

The Modi group is setting up a computer software unit at Modinagar in Uttar Pradesh for exports to the US and European markets.

The group has signed a memorandum of understanding with General Di Sviluppo Servizle E Sistemi Software (G4S), a sister concern of Olivetti.

The company is also in the process of signing an agreement with Logica, the largest export house in the UK.

Philips Carbon to make entertainment electronics

Philips Carbon Black Ltd of the R. P. Goenka group is planning to diversify into electronic audio visual products. The proposed product range may include a variety of items such as recording equipment, video cassette players, cassettes and TVs.

The R. P. Goenka group, with the Gramaphone Company of India in its fold, is already in the entertainment business.

IDBI operations

During 1986-87 (July-June), sanctions by IDBI under all schemes of assistance aggregated Rs 4,889.8 crores, registering an increase of 17.1 per cent over the figure of Rs 4,175 crores sanctioned during 1985-86. Aggregate disbursements during the year crossed theRs 3,000 crore mark and increased by 16.8 per cent to Rs 3,254.7 crores, from Rs 2,787 crores in the previous year. Assistance sanctioned under the refinance scheme increased by about 21 per cent during the year and that under the direct finance and bills rediscounting schemes increased by 14.6 per cent and 11.7 per cent respectively.

Excluding assistance in respect of guarantees, overall growth in sanctions was higher at 18.9 per cent. Similarly, excluding guarantees executed, aggregate assistance disbursed increased by 21 per cent and that under direct assistance by 27.7 per cent. These growth rates were achieved despite decentralisation of assistance in respect of projects costing up to Rs 5 crores in favour of other institutions.

IDBI's sanctions during the year are expected to catalyse investments of the order of Rs 10,100 crores and generate additional employment for about 1 million persons.

Awards

- Koyali-Ahmedabad Product Pipelines (KAPL) of the Indian Oil Corporation recently bagged an award of merit from the National Safety Council, Chicago. This award was given to KAPL for operating continuously from 25 May 1982 to 31 December 1986 without occupational injury or illness to its workers. The 116-km long Koyali-Ahmedabad pipeline transports refined petroleum products from the Gujarat refinery at Koyali near Baroda to Ahmedabad.

Events

- The National HRD Network is holding its national conference on "Alternative Approaches and Strategies in HRD" between 10 and 13 September 1987, in Madras. Experience sharing and conceptual presentations by leading professionals and academics are to be coupled with a full day workshop on "HRD for Government Systems". Contact: S. Chandrasekar, deputy general manager (P & HRD), Larsen & Toubro Ltd, Madras.
- The Continuing Education and Training Centre is presenting a three day orientation seminar on the senior secretary's role in management between 3 and 5 September 1987 at Hotel President, Bombay. This seminar, designed for senior secretaries and personal assistants in the managerial category, will be conducted by industry experts who will discuss career development, techniques of personal assessment, leadership, etc. Contact: The Continuing Education & Training Centre, 202 Ram Nimi, 8 Mandlik Road, Colaba, Bombay.

Diary

Date	Subject	Organiser	Venue
24 August	**Sick Industries Companies Special Provision Act 1985**	Forum of Free Enterprise (Tel: 265214)	Hotel Oberoi Towers, Bombay
24-29 August	**Workshop on DBase III Plus**	Intech (Tel: 2045989)	The Oberoi, Bombay
25 August	**Concerns of a chief executive**	Calcutta Management Association (Tel: 442815)	CMA Auditorium, Calcutta
26 August	**Amendment Factories Act**	Bombay Chamber of Commerce & Industry (Tel: 264681)	Hotel Oberoi Towers, Bombay
29-30 August	**The company secretary and the changing environment**	Eastern India Regional Council of the Institute of Company Secretaries of India (Tel: 440601)	Bharatiya Bhasha Parishad, Calcutta
31 Aug-1 Sept	**How to improve office productivity**	Calcutta Management Association (Tel: 442815)	CMA Auditorium, Calcutta
4 September	**Managing the administrative function**	Calcutta Management Association (Tel: 442815)	CMA Auditorium, Calcutta
5 September	**Effective Speaking for managers**	Madras Management Association (Tel: 475800)	Hotel Chola Sheraton, Madras

Businessmen in the News

Little warmth

"Shoddy woollen units are facing their biggest crisis ever, and unless the government does something to bale them out, the situation might reach a stage beyond remedy," says Ram Khanna, joint president, Shoddy Manufacturers' Association of India. "Already 50 of the 100 shoddy manufacturing units have closed down, and more are likely to follow suit."

Khanna's concern finds an echo among other shoddy goods manufacturers too (shoddy refers to recycled wool as distinct from virgin wool). While part of the problem lies in the political climate in Punjab where most of the knitwear and hosiery units are located, the rest of the problem is due to the government's insistence that Indian wool collected from Indian sheep be used by Indian shoddy manufacturers.

Khanna: An SOS

"Indian wool is coarse and brittle, ideally suited for use in woollen carpets which, incidentally, also have an enormous potential. For knitwear and blankets Indian wool is of little use, as the demand is for fabric having a softer feel. Hence we need imported woollen rags. And unless import of the same is allowed on concessional terms, this industry will gradually die," says Khanna.

Directory deal

For Vikram V. Pillai, general manager (sales), Tata Press Limited, it was yet another feather in his cap.

Pillai: bagged the yellow pages

On 29 June, Tata Press inaugurated its area sales office in Ahmedabad. This marked the culmination of a series of events starting with a contract signed in January this year between Ahmedabad Telephones and Tata Press for the printing of the Ahmedabad Telephones' directory and yellow pages.

"With this, we have become the first official representative of any telephone organisation in India to print its directories and yellow pages," says Pillai. "In return we will pay Ahmedabad Telephones a royalty of Rs 3 lakhs or 10 per cent of revenue on advertising, whichever is higher, for the first year, and Rs 5 lakhs or 10 per cent of advertising revenue, whichever is higher, from the second year onwards." The contract is for five years, subject to renewal for another two years by mutual consent. This will involve printing of 103,000 directories of 400 pages each (excluding the yellow pages) which should up to 168,000 copies of 450 pages each in five years' time.

"Though we expect to make losses during the first two year, we expect revenues from advertising in the yellow pages to go up to Rs 1.15 crores in the first year, which should more than compensate for the losses.""

More quality crucibles

Greaves Cotton, the Thapar group company which posted sales of Rs 138 crores last year, is promoting a Rs 4.15 crore venture for the manufacture of crucibles. Greaves Morganite Crucible Ltd is entering the capital market on 31 August with a small issue aggregating Rs 67 lakhs. Out of the total capital of Rs 1.40 crores, Greaves Cotton has subscribed to 26 per cent and Morganite Crucible of UK who are the technical collaborators, are chipping in with 28 per cent. The new company has an installed capacity of 600 tpa of silicon carbide crucibles and production is expected to commence in September 1987.

Shekhar Datta, managing director of Greaves Cotton, gives several reasons for promoting the venture. "We have been marketing crucibles manufactured by Morganite for 30 years. The brand name is well established and the demand for quality crucibles is definitely on the rise." The major market for silicon carbide crucibles is the non-ferrous metal industry and according to Datta, competition is nowhere in sight. "We have access to the latest technology from Morganite and as it is an import substitute item there will not be any marketing problems." Greaves Cotton, which has a substantial presence in trading, will be marketing the crucibles.

New treads

While many people know of S. Kumars as a group of textile companies, few realise that this group's turnover is over Rs 100 crores, mostly from the sale of fabric both in the domestic and overseas markets.

Now the group boasts of yet another feather in its cap — it has become the first company in the world to secure a tie-up with the French company Michelin.

Michelin, a 100-year-old closely held family owned company, has the invention of Radial Tyre to its credit — worldwide sales of Radial are US $5 billion and it has a 50 per cent share of the European market. With 50 plants worldwide, Michelin "is acknowledged to be a world leader in tyre technology", explains Vikas Kasliwal, managing director of the newly floated S. Kumars Tyre Manufacturing Company Ltd. Michelin is ranked 91st in the celebrated Fortune 500 list.

"We plan making six lakh tyres exclusively for two and three wheelers in India," Kasliwal says. The plant, which will be located at Akoliya in Madhya Pradesh, is expected to cost Rs 5 crores and will be financed entirely through private and bank funding. "Once we begin production — we hope to commence by January 1988 — we expect tyre sales net of excise to be around Rs 10 crores."

Kasliwal: a secure slot

To allay fears of a glut of tyres in the market, Kasliwal adds, "Most of the glut is in the car and truck tyre business, not for the two and three wheeler segment. Moreover, within two years, there is going to be a spurt in the replacement market for such tyres from two and three wheeler owners, whose numbers have zoomed during the last two years. That is where we aim to find our slot."

Taking stock

"We have one of the most active professional supervisory bodies in India," says M. M. Chaturvedi, chairman of the Western India Regional Council of the Institute of Chartered Accountants of India. "Yet we are going through trying times." His reference is obviously to the increasing challenges chartered accountants face in view of the boom in corporate affairs, on the one hand, and demand for more stringent monitoring of accounting standards for chartered accountants, on the other.

"You must remember, we are

the only professional body dealing with our members both prior to as well as after they acquire their professional status as chartered accountants," he explained. The institute conducts courses, examinations, publishes course material and even journals to educate the 44,634 members it has. "In fact, it has even begun conducting computer classes at subsidised rates for our members as well as for those aspiring to be CAs," he adds.

Chaturvedi: trying times

As regards the need to lay down accounting standards more stringently, Chaturvedi points out how two standards have already been mandatory in the last two years. "These relate to specific mention of contingencies and events occurring after the date of the balance sheet as also of any extraordinary items or changes in accounting policies," he adds. "True there are several more accounting standards that need to be enforced, but I am confident that they will be introduced gradually."

From sugar to hotels

"Aruna Sugars and Enterprises Ltd (ASEL) is seriously considering further avenues of diversification," says P. Maruthai Pillai, chairman, ASEL. Work will commence shortly on a three star hotel to be set up in Madras at an investment of Rs 5 crores. It is scheduled for completion in early 1989. "We may tie up with a foreign chain for management support," he adds. Another major project on the cards is for the manufacture of particle boards from bagasse.

"To be established at an estimated cost of Rs 20 crores, this unit will utilise the excess bagasse of about 30,000 tonnes produced at our sugar factory," Pillai stated.

ASEL's diversification attempts began in the eighties "when the company was flush with funds and diversified primarily to save on taxes". At that time ASEL acquired a sick unit at Ranipet to manufacture ferric alum. "This unit has been revamped successfully at an investment of Rs one crore," says Pillai. Plans are now afoot to raise its capacity from 800 to 1,000 tonnes per month, shortly. In addition to this, ASEL also set up a marketing division to handle pitch fibre, pipes, chemicals, etc, manufactured by other companies, and an international division to handle the export of marine products, leather and leather products, shoe uppers, etc.

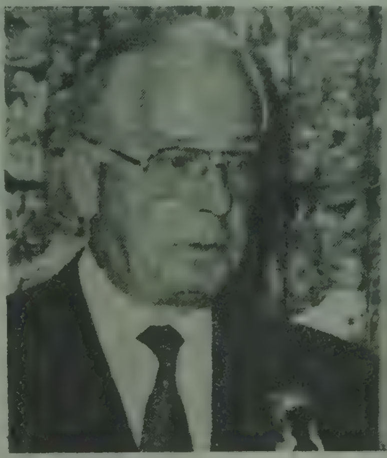
ASEL has been successful on the sugar front, having crushed 795,000 tonnes of cane during the 1986-87 crushing season. "We rank ninth in sugar production among Indian companies," claims Pillai. ASEL has applied for a license to increase crushing capacity from 4,000 to 5,000 tcd. "This is estimated to cost Rs 10 crores."

Pillai: ranging out

ASEL has declared an interim dividend on 11 per cent. "This year our shareholders can expect a higher dividend than last year's dividend of 22.5 per cent," promises Pillai, who is capitalising on the upswing in the sugarfront.

PR prospects

"In the years ahead, PR will increasingly be regarded as a function of management", says Paul J. Koop, president, International Public Relations Association, who was in Bombay during the last fortnight as part of a tour of seven countries in Asia. A veteran public relations professional who served many years as head of the external relations department of the Netherlands Broadcasting Corporation, Koop is currently a senior counsellor to Burson-Marsteller, the world's largest PR firm.


Koop: PR is young and developing

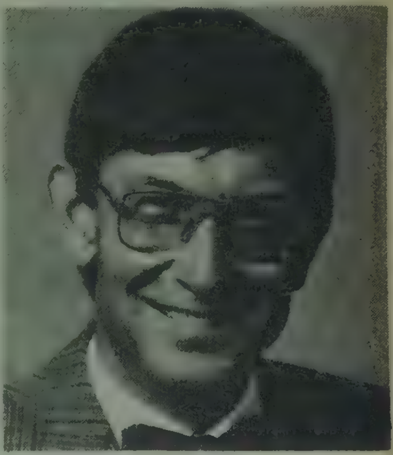
According to Koop, even though PR is still "a young and developing profession", it has great prospects over the next decade. The rapid increase in the number of university level courses in PR, the ever rising pressures of new information technologies, the greater internal democratisation in organisations and nations, are all pointers to the growing need for "environment detectors" all over the world. "Be it in New York, Melbourne, Tokyo or Bombay, PR officers should possess know-how and empathy and should not be afraid to make at least a cautious prediction of possible trends which will have implications for the organisation and its policy," says Koop. "They should know how to analyse the present with reference to the future."

Talking specifically about India, Koop is confident that "The country's fledgling PR business will grow rapidly in the next few years. The increasing democratisation in your country is bound to generate of lot of demand for professional PR services," asserts Koop.

Sharper focus on India

"Education, training and science are among the important focal points of West German development policy and foreign cultural policy. And the scientific and technological co-operation promoted by my ministry supports these measures," said Dr H. Riesenhuber, federal minister for research and technology, West Germany, during his recent visit.

"I am here to find out what the focus of German interest in India over the next few years should be," says he. "We already have a lot of co-operation in areas relating to space research, non sensitive nuclear research, non conventional energy sources, geology, medicine, biotechnology and marine sciences."


Riesenhuber: seeking a focus

He notes with satisfaction how technology and research in India has begun to earn enormous interest overseas.

He also expressed his disappointment on learning of the Indian prime minister cancelling his proposed tour to West Germany this year. "We already have excellent co-operation on the scientific industrial and commercial fronts with India. We were looking forward to the prime minister's visit in the hope that co-operation on the political side could be intensified."

Mr Dotiwala grapples with a dinosaur.

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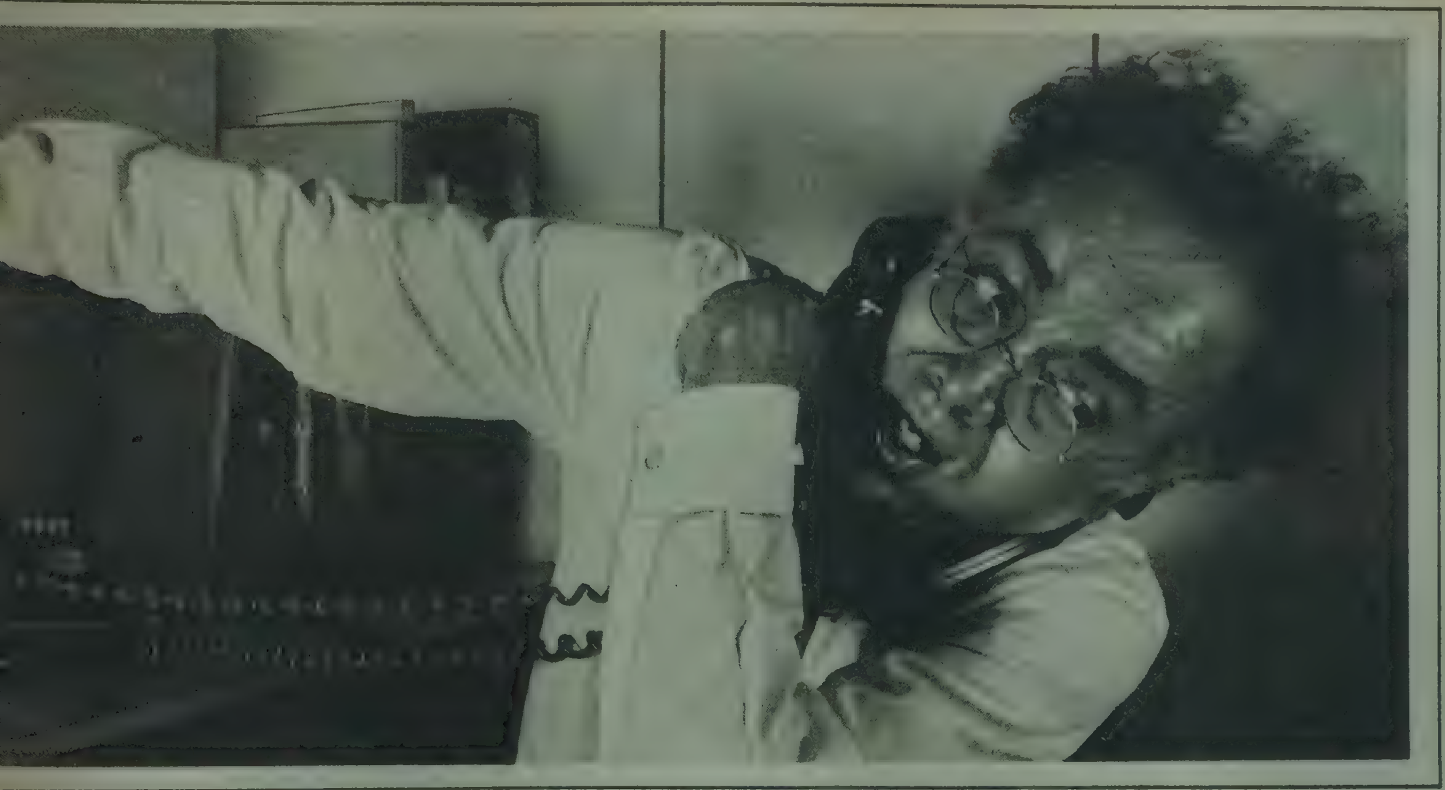

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Abrasives

Smoothening out the problems

An important intermediate material for the engineering industry, an abrasive is the medium with which a surface can be ground down and given a finish. The abrasive industry's fortunes are closely linked with that of the engineering industry, of which several segments, such as the automotive sector, have been going through a difficult phase.

"Experimentation with the use of new material such as plastics, increased emphasis on material savings and the paring down of funds allotted for machining have had a definite impact on the abrasives industry, which is reaching a plateau in its growth," explains A. R. Lakshmanan, executive director, Carborundum Universal Limited and chairman of the newly formed Abrasives Manufacturers Association (AMA). These developments have left the market for coated abrasives stagnant.

"Opportunity for growth, if any, exists in bonded abrasives," says Lakshmanan. Growth prospects do exist for electrominerals, the raw material for abrasive manufacture. However, electricity being the prime pre-requisite, electromineral production is affected by the poor availability and the high cost of power in several states.

A major step. The abrasives industry (turnover: Rs 100 crores) is making a concerted effort to handle its problems. The first step is the formation of the AMA. One of its prime objectives is "to extend assistance to the government agencies in formulating policies and plans relating to the long term development of the abrasives industry. The association now comprises nine major manufacturers — Carborundum Universal, Grindwell Norton, Cutfast Abrasives, K. L. Thirani, John Oakley Mohan, Golconda Abrasives, Sterling Abrasives, Paramount Abrasives and Orient Abrasives — which together account for 80 per cent of production in the industry.

Indications are that the AMA will intensify the industry's export thrust. "With the domestic scenario becoming depressing, export is the only way out," observes Lakshmanan, who is confident that exports can easily be raised from the existing low level of 5 per cent of total capacity to 10 per cent, within a period of three years. The major areas besides product import is likely to be in the area of technology transfer to developing countries and in installing manufacturing facilities in other third world countries.

Lakshmanan: tapping growth potential

In the case of product exports, "demand is likely to arise in the area of bonded abrasives as well as electrominerals, observes Lakshmanan. The advanced countries are searching for reliable sources of electromineral supply, since raw materials like bauxite and coke are no longer in abundance. However, Indian manufacturers will need to upgrade technology to produce abrasives capable of handling speeds of up to 100 metres per second. The maximum speed handled by Indian abrasives with ISI certification is 60 metres/second.

Indian manufacturers complain about the high import duty of 130 per cent to 140 per cent on raw materials for the manufacture of special application abrasives. The formation of the AMA is expected to solve such problems and clear the hurdles to growth at home and abroad.

DHARANI K. PANI

Soya units

The great disappointment

The soyabean processing industry in India is in a state of panic. The entry of several new units during the early eighties, desirous of having a slice of enormous profits that this industry was reported to be making, has created overcapacity and consequent underutilisation of capacity. At present against the installed capacity of 30 lakh tonnes in the industry, soyabean production is only around 9 lakh tonnes. "The industry is therefore able to operate at hardly 30 per cent of its capacity which is half of the generally accepted break-even point," says M. P. Mansingka, president of the Soyabean Processors Association of India (SOPA).

Government blamed. Mansingka, like the rest of the industry spokesmen, lays the blame on the government for the prevailing state of affairs. According to him, "The processing capacity would not have increased the way it has if the government had not laid special emphasis on the role of soyabean in the future of edible oils." He, however, fails to answer why the association itself did not inform the investing public, all through 1985 and early 1986, about the folly of starting so many soyabean processing units. Obviously the pickings were good, the investors willing to be wooed, and the financial institutions ready to put in a substantial part of the Rs 200 crores invested in this industry.

Not willing to go into the merits or demerits of past acts of omission or commission, Mansingka underlines the need to salvage these units from ruin. "You must also remember that last year this industry earned for the country a record Rs 131 crores through the export of soyameal — far exceeding the combined export earnings of all the major deoiled meals in the country," says he. "This industry also contributed a record 1.5 lakh tonnes of oil to the indigenous edible oil supply. That is why we believe that this industry *must* be salvaged and, in fact, can be saved at no additional cost to either the government or even the consumer."

SOPA's spiel. According to SOPA, all that the government needs to do, is to substitute import of soya oil by soyabean itself. Soya oil in any case, accounts for over one third of the total edible oil imports. SOPA sources maintain that the quantity sought to be imported is quite small — around 6 lakh tonnes of soyabean which is the equivalent of one lakh tonnes of oil, which again is only part of the total

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amount of soyabean oil sought to be imported But then this would involve an initial outgo of around Rs 182 crores (for beans) against a bill of just around Rs 46 crores for the import of oil.

Mansingka, however, is quick to point out that this additional bill of Rs 136 crores on account of the proposed import of soyabean instead of oil is only illusory, at best temporary, in nature. "By crushing soyabean, we also process soyameal which forms 82 per cent of the weight of the seeds and which fetches a price of around US $210 a tonne in international markets," says he. "In fact, we are even willing to offer the government back to back contracts and guarantees for import of soyabean against export of the corresponding 82 per cent in respect of soyameal. Thus the government need not fear any loss of foreign exchange on this account." In addition, he points out, there will be fuller utilisation of idle soyameal and oil processing capacity, employment of workforce and return on investment in which financial institutions too are involved.

The ministry of civil supplies, which has to okay such a proposal, has however not warmed up to SOPA's proposal. Says one source in this ministry, "While the proposal looks very attractive on paper, there are some problems peculiar to this industry." These sources point out how importing seeds, distributing them to the 81 odd soya units (of which 41 are in Madhya Pradesh) and then supervising the yield and quality of the soya oil produced won't be an easy affair. Instead, importing the oil and supplying it directly to people through the public distribution system might offer a better alternative. In any case, ministry sources assert, the need to arrest any price rise in edible oils is more urgent, and importing seeds to be crushed for oil extraction might delay its arrival in the markets causing prices of oils to rise. "We have said 'no' for the time being. However, depending upon the way the current situation develops, there's always scope for reconsidering this proposal," adds the ministry source.

People at SOPA are however not amused. Instead of letting things lie, SOPA has begun issuing public awareness advertisement campaigns to prod the government into reconsidering its decision to import soya oil, not soyabean. The hope is that the investing public, burdened with scrips of soyabean processing companies that aren't giving any return on investments made, will lend a sympathetic ear. Maybe, they will. That is to be expected. Because few will ask why these units lured gullible investors to invest in this industry in the first place.

R. N. BHASKAR

Cotton yarn exports

Puzzling clampdown

Cotton yarn exporters are a highly perturbed lot today. After two years of highly successful exports, they have been slapped with a ceiling of 40 million kg per year on cotton yarn exports. This puts them in a difficult situation since they will now be unable to execute pending orders. Within the first six months of 1987, the exporters have managed to export the entire quota allowed. As a temporary measure, in an effort to diffuse the tension, the government has allowed exports of another 20 million kg of yarn. "We can do this in six weeks," says a yarn exporter. They fear that if the restrictions are not lifted, they will earn the reputation of being unreliable suppliers and ruin all the good work done so far.

Right timing. India was never a part of the international cotton yarn market till the government took a conscious decision to encourage exports in its textile policy in mid-1985. Procedures were simplified and various concessions announced. Quite a few spinning mills in Tamil Nadu, especially those in Coimbatore, decided to grasp this opportunity and invested considerable capital to attain export quality standards. They also intensified their marketing efforts and these have borne fruit. And as it happens, the present time is the most opportune for establishing India's credibility in the international market as a dependable supplier of yarn. A bad crop in Brazil and Turkey has starved the European Economic Community (EEC) of cotton yarn. Indian exporters who are filling the demand gap now feel that it is not likely that they will be forsaken by the EEC and Turkey when the supply position improves there. Also, countries like South Korea and Taiwan are pricing themselves out.

The government's argument for imposing the ceiling rests on the assumption that exports push up local yarn prices. It also fears that the handloom and powerloom sectors, being unable to afford price hikes, will be starved of yarn.

Real reason. Yarn exporters, however, claim that the government's assumption is wrong. Says an industry source, "The real reason for the increase in yarn prices is the abnormal increase in cotton prices. Cotton constitutes 60 per cent of yarn cost. While cotton prices have increased by 80 to 90 per cent during this cotton season (September 1986 to June 1987), yarn prices have gone up by only 25 to 30 per cent. To match the increase in cotton prices, yarn prices should really have gone up by 50 to 60 per cent. This has not been so because the mills have absorbed a considerable portion of the cotton price increase."

Ironically, the steep upswing in cotton prices is due to exports of about 100 million kg of raw cotton during this season. This has been done with the approval of the government and as part of its textile policy. On top of that came the crop failure and that pushed the price situation further out of hand. Yarn ex-

The wavering textile policy may leave many mills in the lurch porters feel that when 100 million kg of raw material is allowed to be exported, to fix a ceiling of 40 to 60 million kg for yarn exports does not make sense. Says the industry source quoted earlier, "It's like allowing the export of raw leather and banning the export of leather shoes. Yarn is a value added product which will bring in more foreign exchange. While one kilo of cotton fetches one dollar, for the same measure of cotton yarn you will get three dollars."

Unless the government relaxes the ceiling on yarn exports further, the industry is positive that the cotton spinning mills of Tamil Nadu will plunge into a deep crisis. According to the South India Mills Association (SIMA), yarn production is in excess of internal demand. This has happened despite the fact that most mills are not working at full capacity. Excess capacity has resulted in excess production. Coupled with this, the cost of converting raw cotton into yarn has escalated steadily. Spinning mills have managed only because of export orders since prices in the overseas market have been more remunerative.

The quantity of yarn being exported at the moment is only about 4 per cent of the total yarn production in the country. Exporters say that this cannot have any impact on the local markets. The handloom sector cannot use the kind of yarn that is being exported. Remarks an exporter, "Even if we lower the price by 20 per cent, the handloom and powerloom sectors would still find it difficult. Their problem arises from the fact that they are competing with about Rs 3,000 crores worth of cheap polyester and blended cloth that is being smuggled into the country every year."

Another major problem is likely to crop up if the government persists in being too rigid about the ceiling. Till now, European countries and the US have not imposed any import quotas on Indian yarn since the quantities exported so far have been small. Importing countries generally fix quotas based on past performance. It therefore makes sense for India to build up a good export base now, when there are no quota restrictions. When the importing countries start imposing quotas they will then do so on the basis of a high figure, which will work in India's favour.

Immense potential. India's share in the export market is very low compared with even some of its neighbours. Pakistan exports something like 150 to 300 million kg. "Actually we can export much more than what Pakistan does. Within a short span of two years, we have shown that cotton yarn is exportable. If we are not restricted by ceilings, we can easily take up the exports to Rs 1,000 crores worth," says the exporter quoted earlier.

SUSHILA RAVINDRANATH

Molasses

Unholy mess

The destinies of both the Indian sugar and distillery industries are inextricably tied to molasses. While molasses is a viscous waste by-product of the former, it is the main input for the latter. Thus, even though both cannot do without it, the distillery industry is more critically dependent.

The distillery industry, as it has developed in India, is based on molasses as the only viable input and would probably die out without it. Some states, however, like Himachal Pradesh, have started experimenting with apple waste among other things.

Meagre price. For the sugar industry, molasses can be a major instrument for bringing about a sea-change in its economics and profitability provided it gets a 'fair' price for it. Currently, molasses sells at a meagre controlled price of Rs 6 per quintal.

And, herein lies the bone of contention. While the sugar industry is pressing the government for a partial decontrol of molasses and an upward revision of its price, the distillers have been crying themselves hoarse for a *status quo*. What is surprising here is that top bureaucrats in the relevant ministries too have taken sides. As battle lines are drawn, official thinking in the department of food supports the case of the sugar industry while the department of chemicals is clearly inclined to favour distillers.

As far as molasses is concerned, it exhibits symptoms of extreme volatility in the market place. In 1985, the uncontrolled price of khandsari molasses had touched a record high of Rs 200 a quintal while the controlled price paid to sugar units was pegged at Rs 6 a quintal. What is worse, the controlled price of molasses has not been revised since 1974. In these terms, the anguished cry of the sugar industry for a 'fair' deal is understandable.

Says agitated Dhruv M. Sawhney, president of the Indian Sugar Mills Association (ISMA), "More than 60 per cent of the controlled molasses is used for making potable liquor. Thus, the sugar consumer is in effect subsidising the consumption of liquor.

It cannot be denied that there has been a progressive increase in the use of molasses for the production of potable liquor whereas the offtake of industrial alcohol has declined.

ISMA's argument. ISMA has worked out the latter demand at around 1.2 million tonnes (on the basis that one tonne of molasses gives 225 litres of alcohol). It contends that based on the sugar production of 8 million tonnes in the current year (it may actually touch 8.5 million tonnes), about 3.25 million tonnes of molasses would be generated by 362 established sugar factories in the country. If 60 per cent of the molasses is decontrolled for free sale, 40 per cent of the controlled molasses, amounting to 1.3 million tonnes, would be sufficient to meet the demand of industrial alcohol producers. And, with the increase in sugar production in the years to come, there should be no difficulty at all in meeting the genuine requirement of industrial alcohol producers.

Demands Sawhney, "The controlled price of sugar molasses should be increased from the present Rs 6 a quintal to at least Rs 20 a quintal."

"No industry can be expected to sell its product below the cost price", he adds, "but this is exactly what has been happening over the years in the sugar industry. The actual cost incurred by the sugar mills on storage, pumping and delivery of molasses to distillers works out to as high as Rs 17 a quintal, nearly three times its controlled price." Sawhney also suggests that the government should allow the export of molasses. This, he says, would enable the sugar industry to offset the acute glut situation, which is now posing a serious threat to the environment, as well as earn valuable foreign exchange for the country.

S. S. Majithia, president of Uttar Pradesh Distillers Association (UPDA), holds a totally opposing view. He says, "You just try and decontrol molasses, and soon you will have a serious law and order problem in your hands because it would open the floodgates of illicit distillation. By releasing 60 per cent of the molasses for free sale, we shall be carrying an explosive raw material to the very doorstep of hooch manufacturers." He also points out that bootleggers are incorrigible evaders of excise duties. As such large-scale illicit distillation will cause a serious setback to state excise revenue which normally makes crores of rupees out of the sale of potable liquor every year.

On 30 January 1971, the government had experimented with decontrol when 20 per cent of sugar molasses was removed from the purview of control. But, the policy collapsed due to widespread illicit distillation and huge

Table 1

Total production of alcohol

(in lakh litres)

Year	Industrial	Potable	Percentage of potable to total
1978-79	3484	1816	34.3
1979-80	2270	1625	41.7
1980-81	2093	2079	49.8
1981-82	2522	2540	50.2
1982-83	2516	2862	53.2

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loss of revenue to the states, and total control was reimposed on request from states on 2 February 1972. The All India Distillers Association (AIDA) likes to make an example of this an indication of the evils of decontrol.

Imaginary losses? "It is incorrect," retorts Sawhney. "The truth is that none of the states implemented the policy due to the influence of vested interests. The state governments opposed decontrol for fear of an imaginary loss of revenue. The fact is that the states realise heavy taxes on potable liquor which is produced in the organised sector and are not likely to suffer any setback because of any policy of decontrol."

Sawhney points out that governmental control on the price and distribution of sugar molasses, in so far as it is used for the production of potable liquor, is unwarranted and violative of the directive principles of state policy specified in the Constitution, Article 47, which provides that the state shall endeavour to bring about prohibition of the consumption of intoxicating drinks.

Responds Majithia, "Rather than decontrolling sugar molasses and exporting it, the government should think in terms of having a long-term policy on the export of value-added alcohol to earn precious foreign exchange. Partial decontrol of sugar molasses will only aggravate the problem." He points out that the ratio of potable liquor to total alcohol production in the past cannot be considered as a realistic indicator because the production of alcohol has been dependent on its offtake and the output of sugar molasses. If the offtake of alcohol was choked by delays in the clearance of an exportable surplus or whatever reason, the production would grind to a halt, as is currently happening. In fact, its capacity utilisation throughout has been at a very low level.

The matter has been complicated by the state governments who have separate laws to govern the control and distribution of molasses. Distillers thus fear that in the absence of a central controlling authority, the distribution would not be on the basis of supply and demand considerations. Even in the existing system, the surplus states have been known to starve the deficit states of alcohol. The latter then had to resort to imports at a heavy outgo of foreign exchange.

Table 2

Percentage capacity utilisation of distillery industry

Year	Total installed capacity *(lakh litres)*	Total alcohol production *(lakh litres)*	Percentage utilisation
1979-80	7980.15	3856.10	48.32
1980-81	8584.06	4308.50	50.19
1981-82	9080.06	5153.80	56.76
1982-83	10158.35	5355.86	52.74
1983-84	11034.59	5159.17	52.19
1984-85	11337.86	5903.24	52.07

Allegations galore. AIDA members have further voiced fears that if controls are removed, sugar mills will indulge in large scale dilution of molasses which could be easily done by mixing water. "It will be well nigh impossible to guard against dilution even if an army of men is provided in every stae to monitor its purity". Besides, Indian molasses is poor in fermentable sugars due to the use of centrifuges in processing, and if it is diluted, its distillation would become an infructuous exercise. Retorts an incensed Sawhney, "Do you think the entire sugar industry is corrupt and the distillers are the only honest people?"

Defending ISMA's demand for a price hike of molasses, Sawhney says, "The distillers' argument that it would push up the cost of their end-product, thereby making their operations unviable, is totally fallacious." Presenting data compiled by ISMA, Sawhney said that in potable liquor, molasses constitute hardly 2.75 to 3 per cent of the cost of production, the incidence of which on the consumer is a mere 0.2 to 0.3 per cent. Even if there were a ten-fold increase in the price of molasses in the open market, its incidence on the cost of production of potable liquor would work out to about 16 per cent, resulting in an increase in the price of a quart of alcohol from Rs 5 or Rs 5.50 to about Rs 6. This increase, the ISMA feels, could be very easily absorbed as the rise in the consumer price would be about five per cent, the quantum of taxes remaining the same.

As far as industrial alcohol is concerned, the incidence of the cost of molasses, exclusive of taxes, on the basis of an average realisation of Rs 3 per litre would be 27 paise or nine per cent. It is common knowledge though, claims ISMA, that industrial alcohol has been selling at a higher price of upto Rs 4 per litre when the controlled price is Rs 1.25 a litre. If ISMA's demand is accepted and the price of molasses is hiked to Rs 20 per quintal, then the incidence of molasses would rise to 87 paise or 25 per cent, resulting in an alcohol price rise of less than 60 paise per litre. Such an increase, ISMA contends could be easily absorbed by the alcohol-based industries on whose end-products there is no price control. Moreover, alcohol accounts for only about 10 per cent of the cost of alcohol-based industries so that the incidence of increase in the price of molasses would be barely two per cent.

Naphtha use doubtful. Says Sawhney, "The distillers' argument that a rise in the price o sugar molasses will force the alcohol-based industries to shift to naphtha is totally misleading. Large scale use of naphtha can be easily ruled out for the simple reason that it is scarce, has to be imported and has many other priority uses. It will also involve massive switch-over investments by the alcohol based industry which will be prohibitive."

The distillers counter this by extensively quoting from the findings of the Swaminathan Committee which had said in the mid-seventies that "the price of sugar molasses should be brought down to keep the price of alcohol at the lowest level.... This is imperative for the growth of the alcohol-based industry". Today, the alcohol-based industry has an investment of more than Rs 300 crores and has a high growth potential.

Majithia points out here that, "The economic surveys of 1986-87 and 1987-88 recognise the importance of alcohol as the renewable industrial feedstock. Huge investments have already been made in alcohol producing and consuming industries. If a viable consuming base for alcohol is in any manner destroyed, then molasses will revert to its original status of being a highly polluting effluent of the sugar industry for which the sugar mills will actually have to shell out money to dispose it off." This issue has assumed such complexity that unanimity continues to elude even the most sober of senior government officials.

Says a senior official in the department of food (DoF) in support of the sugar industry, "It is fraudulent. What is the justification of one industry subsidising another. The government may do so but why should the sugar industry be forced to not only subsidise molasses for the distillers but also store it. What is worse, there is a glut of molasses in Uttar Pradesh. It is overflowing from the *kachcha* pits and may soon become an environmental hazard. Why don't the distillers lift it? What is preventing them from producing more? They have excess capacity."

He continues, "The price of molasses has not been revised since 1974. Is molasses available at Rs 6 a quintal anywhere in the world? If the sugar units get a higher price for molasses, the ultimate beneficiary will be the consumer because it will be adjusted against the price of levy sugar."

Grim prospects. Throwing the problem at the department of chemicals (DoC), the official says, "They have till 31 October 1987 to take decisions to bring down the molasses stock when the sugar units will reach the limit of their holding capacity and the fresh crushing season will be in full swing. After that the sugar units may well be forced to shut down crushing operations."

"But they can't," the official says. "The

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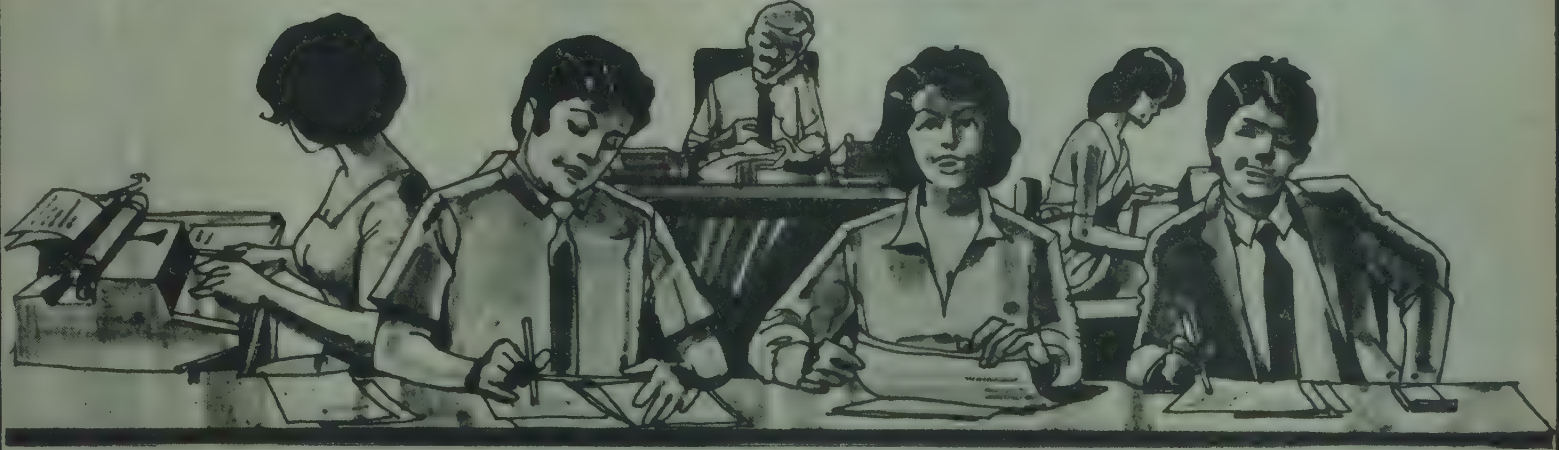

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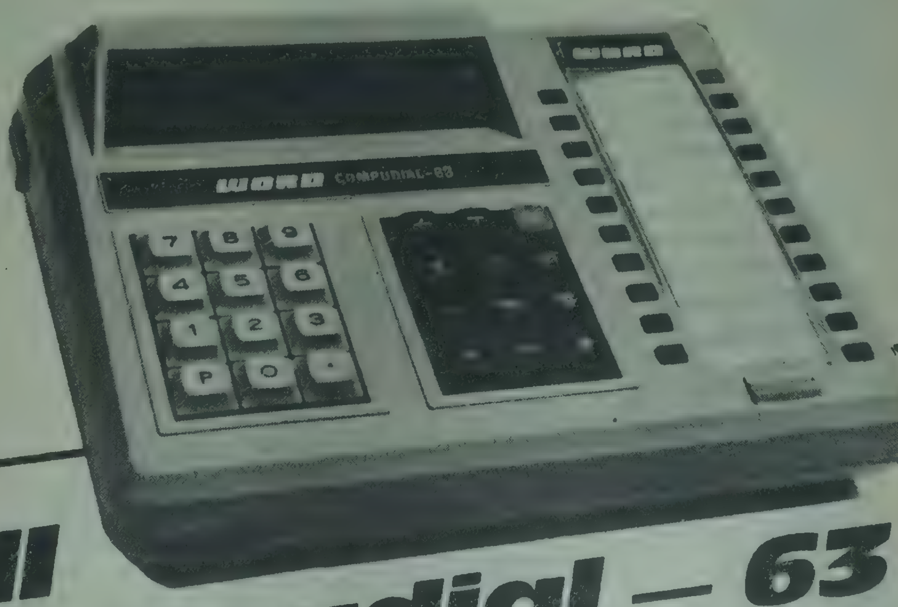

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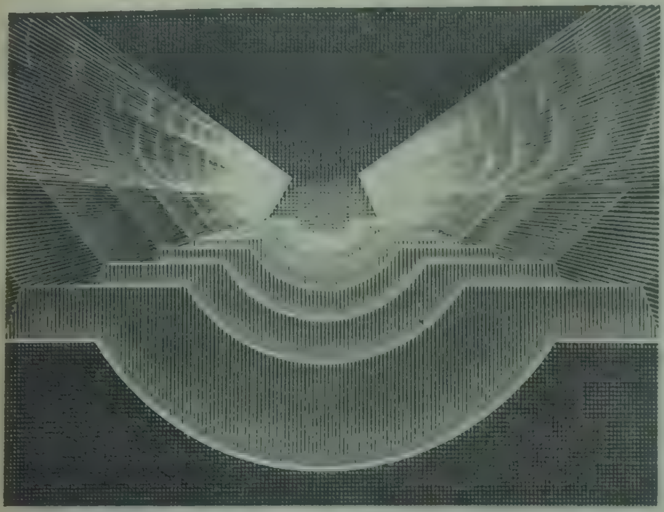

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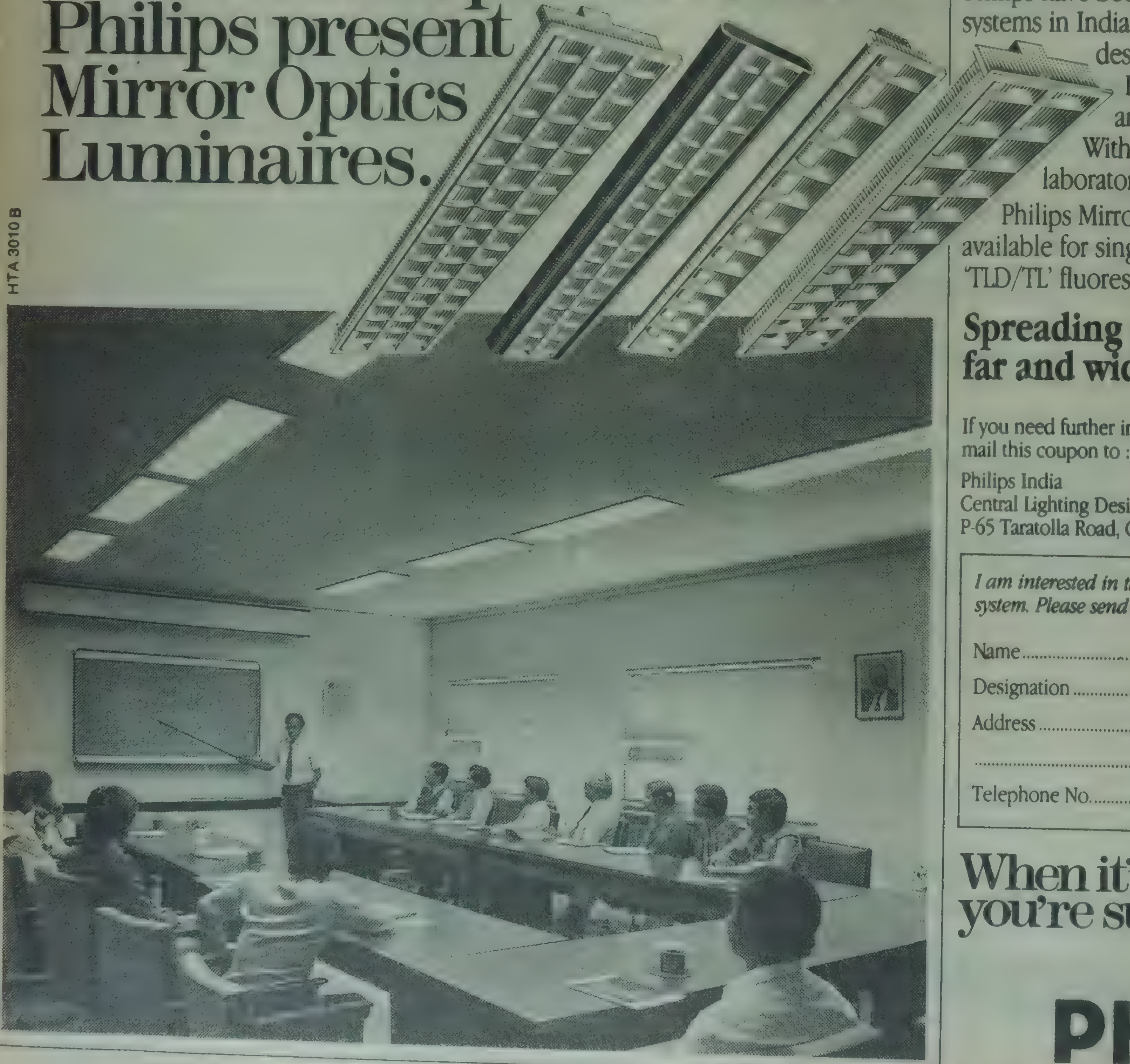

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armers won't allow it. They will burn down he mills if their cane is not accepted and paid or. And, the mills will be forced to dump nolasses into the nearest river." Sugar cane by its very nature should be crushed within 24 nours after harvesting. Otherwise, it rapidly leteriorates in quality.

However, a senior official in the DoC ruled out decontrol of sugar molasses. The chief ministers of the molasses producing states at a recent meeting have unanimously said a firm "no" to decontrol, the official revealed. "Decontrol is really an administrative problem even though it may be justified economically." Despite all this, an upward price revision of molasses is certainly on the cards. The exercises are already on in the department of chemicals and a positive decision will be taken soon.

On exports of molasses, the DoC official says, "The issue is whether we want to go back to the primary product, molasses, or boost a value-added product which will also generate jobs, namely alcohol." Last year, however, the sugar industry had made a profit in molasses exports.

The official denies that there is a serious glut situation in any state. So far, no chief minister, including that of Uttar Pradesh, where the problem is supposed to have assumed alarming proportions, has sent an SOS to the Centre in this regard. "Today, though molasses has become a valuable raw material," the official adds, "we must not forget that it is due to the good distillery and chemicals industry that it has gained in importance."

"Short-sighted view". There was a time when sugar units actually had to spend money to get rid of molasses. The AIDA points out that it is only when the distillery industry grew that molasses started commanding a price. "The sugar industry takes a very short-sighted view," continues the official in the DoC. "If the distillery industry is destroyed and if the chemicals industry switches over to naphtha, then the sugar units will be the biggest losers."

Nevertheless, there is one point on which the rivals agree, that is, the control of khandsari molasses. Opinion is unanimous that the control of khandsari molasses would direct vast quantities of molasses to lawful channels and thereby, improve the capacity utilisation of the distilleries, augment the availability of alcohol to the alcohol-based industry and prevent the diversion of cane from sugar units to khandsari units because the latter are in a position to pay exorbitant prices for it due to the higher price they earn by selling molasses in the open market. Most bureaucrats agree: "The solution lies in controlling khandsari molasses."

A. SAXENA

Housing

New bank for housing finance

Bank finance will generate demand for cement, steel, tiles, bricks

The government of India has finally decided to set up a national housing bank. The new bank will be wholly owned by the Reserve Bank of India (RBI) and it will have a capital of Rs 100 crores to begin with. The capital will be later increased, at an appropriate time, to Rs 500 crores.

The proposed housing bank will have powers to float its own bonds to raise funds which it may need to supplement its capital.

As the government has now veered round to the view that it is necessary to give a boost to housing, it has decided to enact the required legislation in the near future. The government has come to the conclusion that a step-up in housing activity would create a very high employment potential at a relatively low capital input, and it would, simultaneously, generate a demand for products like cement, iron and steel, sanitary fittings, tiles, bricks etc. However, it is the employment potential, more than the support to industrial production, which has possibly prompted the government to move in the matter speedily.

Financial circles are intrigued by the government's decision to make the national housing bank a wholly owned organisation of the RBI.

Some bankers feel that it would have been better if all the public sector banks had been asked to jointly fund the floating of the housing bank, and participate in its management. Another alternative would have been to set up an independent organisation on the lines of the Industrial Development Bank of India for this purpose, The RBI is already saddled with too many responsibilities.

Thus, the viewpoint of the bankers has gone unheeded.

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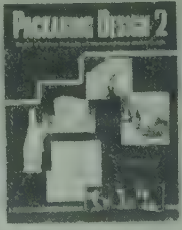

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Economic Indices

Industrial production

The Centre for Monitoring the Indian Economy reports that "the month of June, according to the data available so far, presents a grim picture for industrial production". The performance of 10 major industries registered a 6.6 per cent decline against the previous month, the most significant being sugar (74.7 per cent), saleable steel (12.3 per cent) and crude oil (8.5 per cent).

Power availability

Power generation during June 1987 totalled 15,878 million units, an increase of 11.8 per cent over the corresponding period of the previous year.

Prices

During the week ended 4 July 1987 the wholesale price index stood at 394.8, marking a 0.9 per cent increase over the previous month, and a 4.6 per cent increase over the corresponding period of the previous year.

Over the latter period, price increases were registered by fibres (50.2 per cent), edible oils (37.6 per cent), tobacco manufactures (8.5 per cent) and cotton textiles (7.4 per cent). Declines were registered by petroleum, crude and natural gas (38.4 per cent), and sugar, khandsari and gur (9.3 per cent).

Money supply

During the fortnight ended 3 July 1987, M3 (which includes currency with the public *plus* demand and time deposits with the banks *plus* other deposits with the RBI) increased by Rs 1,690 crores (1.15 per cent) to Rs 1,46,541 crores.

Finance and banking

Public finance: During the week ended 10 July 1987, the amount of outstanding treasury bills increased by Rs 48 crores (0.18 per cent) to Rs 26,270 crores.

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During the fortnight ended 3 July 1987, net bank credit (RBI and other banks) increased by Rs 585 crores (0.76 per cent) to Rs 77,843 crores. Bank credit to the commercial sector increased by Rs 1,251 crores (1.35 per cent) to Rs 93,902 crores.

Interest Rates

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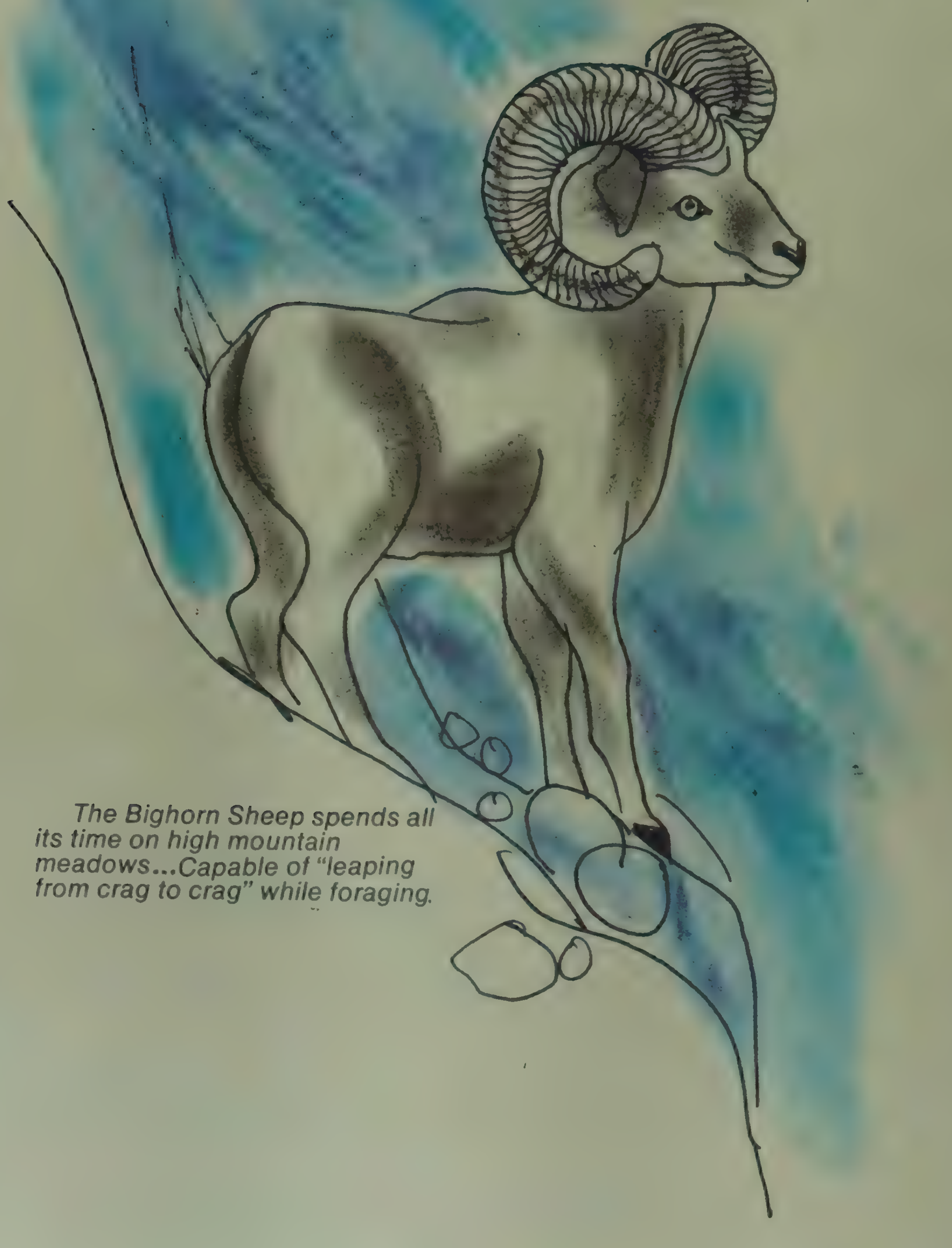

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Dismal drama of the 'other reality'

40 years after independence, cant dominates centre stage

9 August 1987 certainly pales into insignificance when compared with the same day 45 years ago when the Quit India movement began. Yet events on Sunday 9 August 1987 in New Delhi merit more than a passing mention in any doomsday book on the state of the Indian polity. The day saw the playing out — at various locales — the dismal drama of India's other reality.

The events were as unrelated as they were unreal. Three of them took place at the Boat Club — that ubiquitous venue for any demonstration that seeks political classification. The fourth took place at Rajghat — the venerable shrine that is, like every other object of national value, in danger of determined desecration.

To start with Rajghat. The site of what was sought to be described as a determined stand against corruption. Only, the *dramatis personae* who sought to pillory the current regime were stained sinners themselves. It was indeed such a strange sight that those who did not actually see it could barely believe it. Arun Nehru and V. C. Shukla were fasting for 12 whole hours, they claimed, against corruption and a host of such allied sins.

As Nehru, looking like a beached white porpoise, heaved uncomfortably on account of the heat, Shukla's clear discomfiture was ascribed by some to a mild case of conscience pangs.

It was all done in style, though. Nehru and Shukla in impeccable white (Nehru even wore white socks) lounged languidly in two closed loops, with a handful of clearly bored looking hangers on hanging on to their words. 'Volunteers' bought glasses of iced water and fans buzzed busily against the unseasonal heat that the leaders strove manfully to ignore. Volunteers also took particular pride in reminding visitors who came to stare (and left to giggle) that even V. P. Singh had come by in the morning. The handful of curious observers were even more amused by the incongruity of Black Cat commandos crouched on duty outside a national memorial to non-violence. The Black Cats, the iced water, the many fans, the white ambassadors with telephone aerials, all lent a surreal quality to the scene. So much so that the sheer incongruity of two confirmed sinners seeking to point a finger at corrupton in a regime (to which until recently, they had themselves belonged) seemed just yet another inconsequential contradiction.

If Rajghat had the air of a sanctuary desecrated, the Boat Club drama had the jaded feel of the same scene repeated *ad nauseam*. Unchanged and as meaningless as ever, with the audience either asleep or in a stupor.

The most noisy was a raggedly bunch of Janata party workers with faded banners of a party that had once tasted heady power. Trucks of storm troopers, helmets and shields on the ready, stood watching Janata party leaders harangue a bored bunch under a shamiana about the need to rise up and replace the current régime. Even the leaders sounded bored as the same predictable lines rolled off their tongues.

Harangues over, the protesters marched into the arms of the police. A kind of ritual struggle towards Rashtrapati Bhavan with a petition. Struggle over, the protesters leapt into waiting buses while the cops scrambled off duty, the buses headed to Parliament Street Police Station where protesters were warned and left free to wander away till the morrow when they would court arrest once more.

This ragtag tail of a party that had once swept the national polls seemed devoid of all organisation and bereft of an ideology that could move the masses. The last of the faithful who were left behind, more because they were no longer acceptable to the Congress in power, would go through the motions of protesting on the grass at Boat Club, courting arrest, defying the police and being released — a process that was to continue for a week and which a frustrated leadership had billed as a week of struggle.

Close to the flimsy rostrum from where the leaders of the Janata party were thundering lay a man who looked lean and hungry. Subramaniam Swamy, his lips parched and a voice choked by non-nutrition, was attempting to re-enter the national mainstream (in the horizontal position) or at least grab a few column centimetres. He fasted for a probe into Meerut and some token Muslim leaders hung around attempting to look solicitous. Swamy, who has often been billed a Hindu communalist, was clearly trying his brand of comeback magic at a time when the government seemed beleaguered. But hunger, and probably the lack of any great excitement, got the better of Swamy. As the afternoon crept away, word in the Swamy shanty was out — the 'leader' would break his fast the same day on an assurance from the home minister.

If these demonstrations were a sad reflection of the other reality (the sadness of the Rajiv reality now a matter of record), the only sign of some hope came from the third demonstration. A bare three feet away from Swamy's, which in turn was three feet away from the Janata protest.

This demonstration seemed to have meaning. Because may be, it seemed to herald a new future. Some clearly non-Delhi based leaders were sitting in to stake their claim for a new state of Uttar Pradesh. Unnoticed by the national media, these local activists, whose real plea was for small government which people could relate to, seemed to have some meaning. They carried a message that the nation could choose to ignore at its own peril.

So, even if 9 August 1987 and the Prime Ministerial Kranti Maidan tamasha in Bombay left most of the country cold, somewhere a message lingered. Some real issues were emerging, but what dominated centre stage was the cant — repeated and regurgitated while the nation stood stock still. Progress once again seems imperilled and slipping back a distinct possibility.

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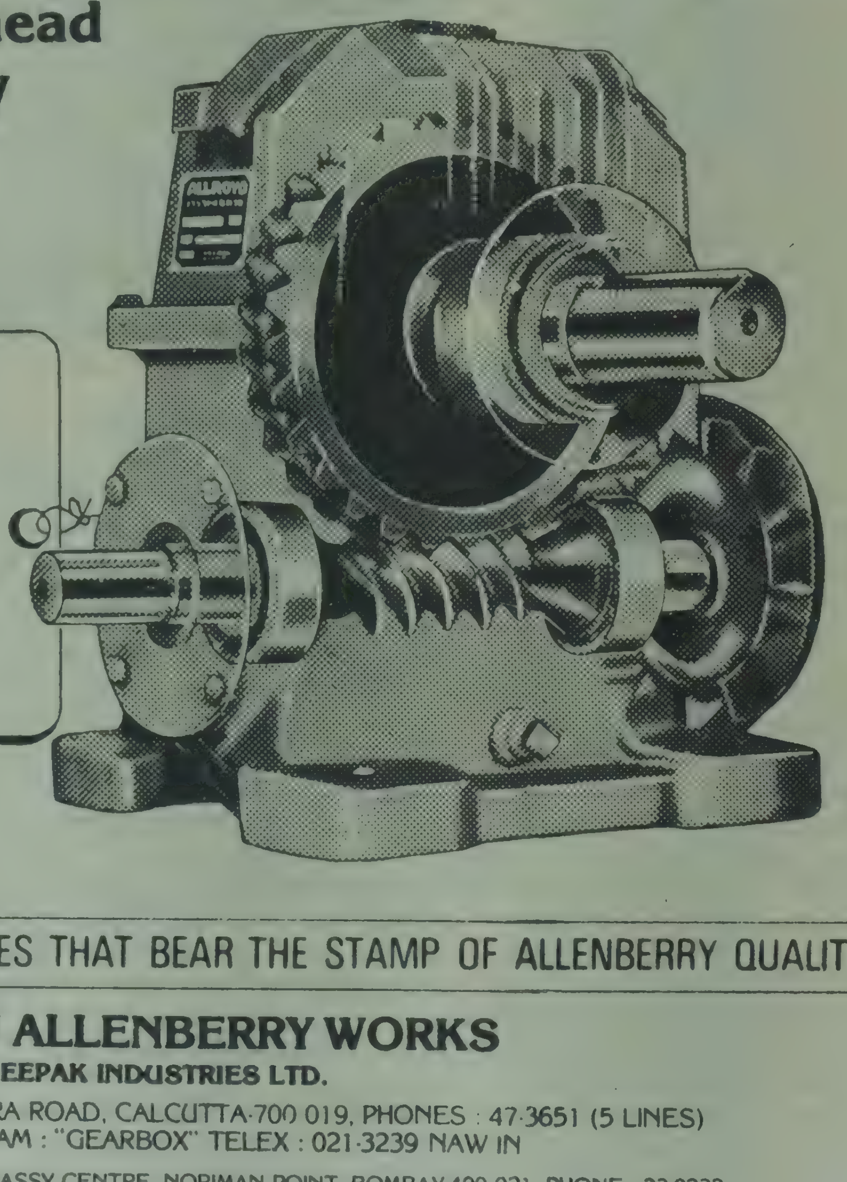

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Government by Jaswant Singh

V. P. Singh: tasks ahead

Dear Raja Sahib,

I think the time has finally come when we must urgently define at least some of the primary issues that confront us: the battle has already been joined, the current situation will not brook any further delay.

Without engaging in pompous advice-giving let me start by suggesting that we do not want another 'god' as the political leader of our country. We have suffered for forty years, and so grievously, at their hands; all of whom failed us, to now lie entombed in our national commemoration alley along the Jamuna: a place only of hypocritical obeisance, from where all spirit has fled. For our sake and yours, you must be saved from a similar fate.

Fortuitously, on account of a combination of factors, most notably the pathetic incompetence of the 'Avtar of 1984', you have emerged on our political spectrum to answer some of our very deep yearnings. If I were you, I would feel immeasurably burdened by this reposing of faith, with humility and with gratitude. What an immense capacity our India has to give; see how much it has already given you and so readily. Can you now reciprocate? By demonstrating the required capacity to accept and to fulfil this onerous 'responsibility of expectations?'

Then stop treading timorously like a reluctant debutante. So many people ask me: "Can he fight?" You must dispel this questioning doubt very fast because, believe me, the fight ahead is going to be very demanding and rough. I am not so much worried about the political processes of it, but more as to what would come thereafter, in the fulfilment of expectations.

Of course, I agree entirely with you: our fight is essentially about issues, not personalities, but then it is also simultaneously about politics that have been personalised. And you, having earlier been part of all that, must now recognise that to depersonalise it, to start anew, this residual myth of personalities will have to be destroyed, finally.

Those of us who have been opposing the criminal misrule of the Congress, particularly for the past two decades, have frequently had to suffer what you are only now beginning to experience. Your former colleagues now call you a CIA agent: welcome to the ranks! For the past twenty years, we have routinely been called that. You now complain of official impediments being placed in the path of what you conceive to be your public responsibility as a citizen. Well, since 1967, we, in he opposition have been facing them repeatedly, and at every single point where we thought our public duty was involved. Indeed, hundreds and thousands have been incarcerated for precisely that — those who today live unsung through the length and breadth of our country. They are our real gods, not you, so please do not aspire to be one.

An unrelenting iconoclasm must be the basic, unflinching creed of democracy; therefore, on you today devolves a greater responsibility to uphold it. Let me elaborate why. A national consensus has come into being. The rapidity of its arrival astounds me, as surely it must you as well. But it both encourages and frightens me; the last because of incipient tendencies towards finding 'gods', the first because it expresses a simple truth. It says, "He definitely cannot rule — He is our answer." Surely, you don't want me to explain which 'He' can no longer rule and who it is that is now conceived of as the answer.

And that is where the first issue, which you are presently not confronting, arises: about democratic succession versus this dynastic rubbish. You cannot shy away from it, you must face it squarely. In the last four decades, whenever asked about finding an answer to the challenge of 'democratic succession,' we have feebly opted for the soft option of the dynastic. It is self-evident that the roots of this evil lie much deeper. But if we are to finally break free from these shackles, if we are to end this disaster of the 'Nehru dynasty', then we have to find a democratic, peaceful and non-violent way of a credible solution to it. That we cannot do unless you begin to address yourself to this challenge because it is in you, and around you, that hopes have begun to gather. Have you the ability to not let us all down without adopting the mantle of godhood? Then prove it.

That is where the next, derived issue, emerges. We must not only not have any more gods; resolve finally, this problem of democratic succession; but simultaneously, we must also 'devalue' the exaggerated importance that we have given to the office of prime minister. *Primus inter pares* is actually a principle which we must re-educate ourselves about.

A beginning can be made but only if you recognise the importance of what I am saying and concede how vital it is for our national health that the job of the Indian prime minister be treated not as the repository of all possible patronage and power, but just as any other political responsibility, with considerably less 'power' and much greater accountability; much less of privilege and prerogatives, many more obligations — a *tapasya,* not a jaunt. Believe me, this is crucial; otherwise 'gods' will continue to infest us.

You must then recognise that Delhi is not the repository of all wisdom, it must no longer be the only centre of decisions. In a land as incomparably diverse and beautiful as ours, it is sheer madness to concentrate all decision making in this overcrowded and confused capital. You must 'let the many flowers of Bharat bloom,' which you cannot do if you will not let all the rest of us Indians, all the rest of the eighty crores of us, plant our own flowers and tend to them however we might.

And, this too you cannot do unless you simultaneously recognise that these repeated *avtars* have robbed us of our pride in being Indians. Our society is today splintered as never before. Surely, you can sense how shrill and edgy the nation has become. Currently, I am more apprehensive about the future of democracy in our country than even in 1975. Believe me, we are closer to a Marcos kind of violent usurpation of power, descending into a 'fascism of the weak,' than ever before.

The non-violent answer to that challenge lies in a restoration of a national consensus. This you cannot even begin to do unless you can reassure the hearts and minds of all Indians that India is not Indira or Rajiv, or theirs alone; that his individual political discomfiture can never be, must never be, equated with national destabilisation. Can you convince every Indian that this is his or her home, refuge, country — not just of a dying dynasty of false gods? Then do it.

Of course, I am with you in all your battles, but not as a non-combatant or a camp follower. It would not matter overmuch if you replied by saying that you are not sure whether you would be able to achieve all this, but I would follow you unhesitatingly even if you merely said: "This is the common, bounden duty and destiny of all of us; let us jointly take our first necessary small step." Even a journey of a thousand miles must after all begin with but the first step. So as they say, *"Chal meri payadi, Subhan-Allah."*

Yours,

Jaswant

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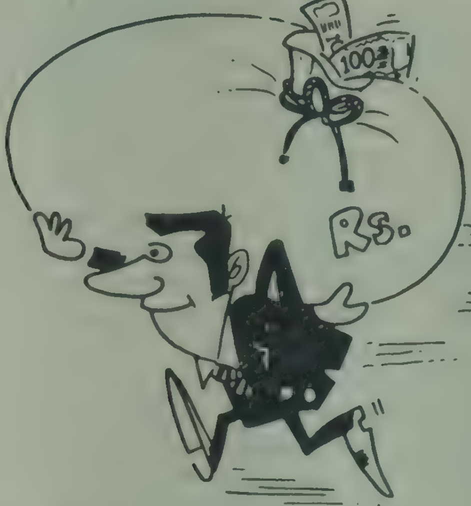

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Overview

by Romesh Thapar

The water famine takes over

At this tormented moment, when the politicians are enveloped in corruption scandals and the Prime Minister waffles about probes and investigations, the long-suffering people of the subcontinent are preparing to meet a calamity that may prove terminal for large sections of the population. A water famine, usually described as a drought, threatens to overwhelm us.

The government, still hoping that the astrological forecast of delayed rains will prove correct, doesn't have an emergency plan to cope with the developing crisis. It does not seem to realise that a water famine at this time of the year is more devastating than food scarcity.

The tanks are dry, particularly over the northern region. The sinking levels of the hydro-electric reservoirs mean curtailing power supplies even for those regions which possess pumping networks. Fodder scarcity threatens the cattle now moving to find something to eat — yes, even within the protected sanctuaries. Only a caring society can prevent violence. And we are far from caring.

Government sources speak of moving water by train. This play around doing something is only too familiar. If we had a purposeful government, it would have ended the Bofors diversion by calling for full details or cancelling the contract. At the same time, the allocations of the Seventh Plan would have been drastically altered to get at the water under the ground.

Even a minimum probe into the use of available drilling equipment — each high-powered drill is capable of doing a couple of borings a day — would highlight our extraordinary sloth and inefficiency. A whole rainless month has passed without any attempt to mobilise the people to conserve water and to dig for it. In urban sprawls, wherever it is possible, organisational support should have been made available to get at brackish levels of water for use in flushing lavatories where at the moment potable water is wasted.

The trouble with a "two-nation" situation is that the urban sprawl looks after itself through various methods of "rationing", and forgets the traumas of the faceless millions in the countryside. I would be very surprised if the medical support system, fractured and fragile though it be, has prepared itself to meet the threat of diseases borne by polluted water which will, alas, become a "support system" if the rains totally fail.

At this moment, we think of mechanised rigs that can bore through rock structures, of the old scheme to link the major rivers of India, and of those who keep urging the conversion of sea water. Whatever the merits of these schemes, we should be encouraging self-reliance in the area of water. And I am not just referring to the campaign to save our forests and to grow more trees. There's a lot more to be done for ensuring a secure water supply.

Then again, not for the first time, is the demand being repeated for a "food for work" programme linked to drought relief and the effort to ensure some kind of security against monsoon failures. It is not enough to allocate food surpluses to affected states, but to use these creatively. This calls for detailed planning, something we are only too ready to avoid. How long must this tortured land wait for effective performance? And when will we punish those who fail to perform?

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The disturbance in weather conditions is global in character. It is still not clear whether we should expect a persistent uncertainty or treat our recent experience with the rains as an aberration. Africa, or parts of it, have already moved into a permenent crisis area. Certain regions of India may come under similar changes. Isn't it time to stir our weathermen to a new awareness of what might happen?

Daily we read the rather stupid and very unreliable weather forecasts. Clouds are seen where there is a heavy pall of dust. And pollution is confused with fog and mist. When the rains come, we are invariably surprised, only to be told that they were caused by some "low pressure" activity. Forecasting should not be such a problem in this subcontinent land, particularly during the monsoon season. If it is, then why are steps not taken to improve the reporting system on the ground and in the surrounding seas?

These alarums, coupled with the paucity of water in the "catchment" areas of the massive hydro-electric systems we have given ourselves, require a serious and co-ordinated scientific study to increase the flow of water from the Himalayas. For the past four years, the "catchment" areas have become dependent on these flows, and we need to see whether we have done everything we can to get at the water. Lack of information suggests lack of effort.

Normally, at times of national crisis, we are able to call on the disciplined assistance of the military and paramilitary. This is no longer possible. The involvement of these formations in internal security tasks has become rather extensive. We have to begin thinking of a semi-volunteer land army capable of being mobilised for these tasks, and commanding some minimum expertise and training. Our reluctance to use the strengths of the village communities is a commentary on our lack of concern.

In a parallel effort we need to structure a multi-purpose organisation or several specialised organisations to cope with the coordinate crisis management. Floods, famines, earthquakes, natural disasters of various kinds and at various levels, cannot be handled on an *ad hocist* basis. They demand a professional approach.

There is enough skill and resource lying around in the country to provide for such organisations — that is, if they are not packed with political racketeers and deliberately bureaucratised by sponsoring ministries. Maybe, this traumatised year of drought (of water famine!) will get us moving. It is a task for young men, and is this not a government of the young! ☐

MOUs: reinventing the wheel

The Memorandum of Understanding (MOU) is the latest buzz-word in policy making circles. When, over two years ago, the prime minister put the weight of his personality and office behind it, the impression was created that MOUs will, finally, salvage the public sector in India.

The experience with MOUs so far shows that the government has not done its homework properly. In these two years, the government has come up with only two complete MOUs. Even this information is, of necessity, based on rumours since nothing has been made public. Moreover, the two existing MOUs have been reportedly signed with chief executives, who, perhaps, require it the least. These managers are reputed to be achievers and are cited as success stories. The government has so far not tried negotiating with known "losers." While the government is dragging its feet in signing MOUs, the public sector has already fallen way behind its targets for the current plan. At this rate, by the time the MOUs to arrive, it may be too late for many enterprises.

Most writers credit the report of the Arjun Sengupta Committee (set up to review policy for public enterprises) with spawning this "brilliant" idea. Therefore, it is truly surprising to find only one substantive paragraph on the topic of MOUs in the Sengupta report. The cavalier fashion in which the committee has dealt with this issue gives the misleading impression that this concept is both sound and widely known. But a cursory survey questioning public enterprise chiefs, BPE officials and technical ministries reveals that most of them are in the dark about the concept, rationale and modus operandi of MOUs.

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The concept of MOUs is very simple and the report describes it as follows (para 3.23): "The holding Company would also specify its plans for investments, production, capacity utilisation, dividends, etc, for a 5 year period and, therefore, enter into the Memorandum of Understanding with the Government on mutually agreed basis. Certain obligations would also be cast on the Ministry or Department regarding provisions of equity, price level etc. This Memorandum of Understanding would be reviewed each year and updated and the performance of the holding company judged on this basis, making due allowance for the failure or otherwise of the Ministry or Department to fulfil its part of the understanding."

Although the committee explains the concept of MOUs satisfactorily, there are certain problems with their presentations. For example, it is not clear why MOUs cannot be implemented between the administrative ministries and public enterprises within the present administrative structure. Is the formation of holding companies a necessary condition for the implementation of MOUs? It is indeed unfortunate that the committee should have chosen the easiest and least controversial aspect of MOUs for inclusion in its report and ducked the major issues in this connection.

As with many other recommendations made by the Sengupta committee, no rationale is provided for preferring this particular approach. One possible reason could be the success of the MOU type approach elsewhere in the world. Nor does the committee seem to have carefully (if at all) considered the international experience in this regard.

All such contractual approaches are *copies* of the famous French contracts between the government and public enterprises in France. Instead of the word "copies," one could say that such notions derive their "inspiration" from the French contracts. Unfortunately, though, there is nothing inspiring about the French experience. After 20 years of experimenting with this system, the French public sector incurred a record deficit around the same time that the Sengupta committee was recommending this system to us in India. Therefore, it is understandable that they did not want to make a reference to the European experience, as they did in the case of the holding company concept.

If the French experience had been carefully analysed and lessons learned from its failures, we would have still been on solid ground. As it is, the whole exercise is merely an attempt to re-invent the wheel.

Furthermore, the more relevant experiences for us are those of developing nations like Senegal, Gambia, Pakistan, Mexico, Korea and Bangladesh. All these countries have adopted similar contractual approaches with varying degrees of success, but these experiences find no mention in the report.

The more relevant experiences for us are those of developing nations like Senegal, Gambia, Pakistan, Mexico, Korea and Bangladesh. All these countries have adopted similar approaches with varying degrees of success, but these experiences find no mention in the Sengupta Committee report

If this is such a major policy thrust of the government, why has there been no public discussion on it? Perhaps the government has figured it all out and needs no input from anyone. But the anxiety this state of affairs is creating among chief executives is most undesirable. No one knows what this animal called the "MOU" really looks like, or, who will be negotiating it on behalf of the government. Some reports have created the impression that the prime minister is directly involved in this process. One would also like to know what the sanctions for not fulfilling the contractual terms would be and who would arbitrate if contractual disputes arose.

Some would argue that a similar, though less formal, system is already in operation. Administrative ministries regularly meet people from the public enterprises under them and try to reach an agreement on their goals. The ministry of programme implementation has acquired similar experience in monitoring project implementation. The government should carefully examine these experiences before going ahead with ideas that clearly need to be further developed.

In particular, two issues come to mind. First, how can the government be certain that public enterprises are not negotiating for deliberately low targets in order to ensure that they can look good without putting in much effort? This is especially true in the absence of a good information system with the government. This is why the Korean and Pakistani governments decided to have a computer based information system before negotiating detailed targets. Their experiences warrants close scrutiny, since they are being presented as success stories.

Second, one would have to be careful that powerful chief executives do not get off easily by using their clout to negotiate low targets. This is the kind of trade-off that the committee should have examined, ie, the advantages of a large holding company and the disadvantage of concentrating too much power in the chief executives of these enterprises.

A recent survey of the experience of public enterprises involved in the MOU exercise confirmed our worst fears. This survey was conducted by the Centre for Studies in Public Enterprise Management, Indian Institute of Management, Calcutta, and was based on personal interviews and a questionnaire given to a few public enterprises. Hence, these findings should be treated as tentative and impressionistic.

The public enterprises surveyed claimed that the targets contained in the MOUs were not very different from those which would be part of their corporate plans in the absence of an MOU. In fact, the government was not able to push any socially desirable (non-commercial) objectives that the enterprises would not have volunteered in any case. In short, MOUs seem to have failed to re-orient the direction in which these public enterprises would have gone on their own. If the whole point of this exercise was to provide a new direction to these enterprises, the present efforts must be considered a non-starter.

This concern becomes overwhelming when viewed in the context of another item on the questionnaire. When asked how many of their demands were conceded by the government, the response by those questioned was that "most" of them were. This bears an eerie resemblance to what happened in Senegal. Similar concessions, without countervailing demands by the government, led to a whopping increase in the budgetary deficit. Given that the present concern with the public sector is derived from the fact that it has been assigned a major responsibility to raise the resources to finance the Seventh Plan, this possibility is deeply distressing.

The clue to the above state of affairs lies in the fact that most public enterprises feel that the government negotiating teams are not as technically qualified as their own to fix targets and suggest alternatives. This is partly because the government does not have enough independent information to negotiate MOUs. In most cases, the government relies on the data supplied by the enterprises negotiating the MOUs.

Another problem with the current batch of MOUs is their failure to specify what "winning" really means for each of these enterprises. Public enterprises managers were not sure, for example, what an acceptable level of achievement would be. Would they have to achieve 100 per cent of the targets mentioned or, say, would 60 per cent be considered "good enough"?

Further, no guidance is given to managers about the relative importance of various criteria. That is, a five per cent slippage in one criterion is implicitly as important as a five per cent slippage in any other. This creates two main problems. First, given a limited amount of time, a manager would not know how to prioritise. Second, a minor slippage in an obscure criterion could always prove to be a tempting device for harassing a manager who has done well on other fronts.

Finally, what makes the current MOUs largely academic is the conspicuous absence of explicit incentives or disincentives associated with the fulfilment or otherwise of the terms of agreement contained in MOUs.

PRAJAPATI TRIVEDI

The author is STC Professor of Public Enterprise at IIM-Calcutta, and is currently on the visiting faculty at the John F. Kennedy School of Government, Harvard University.

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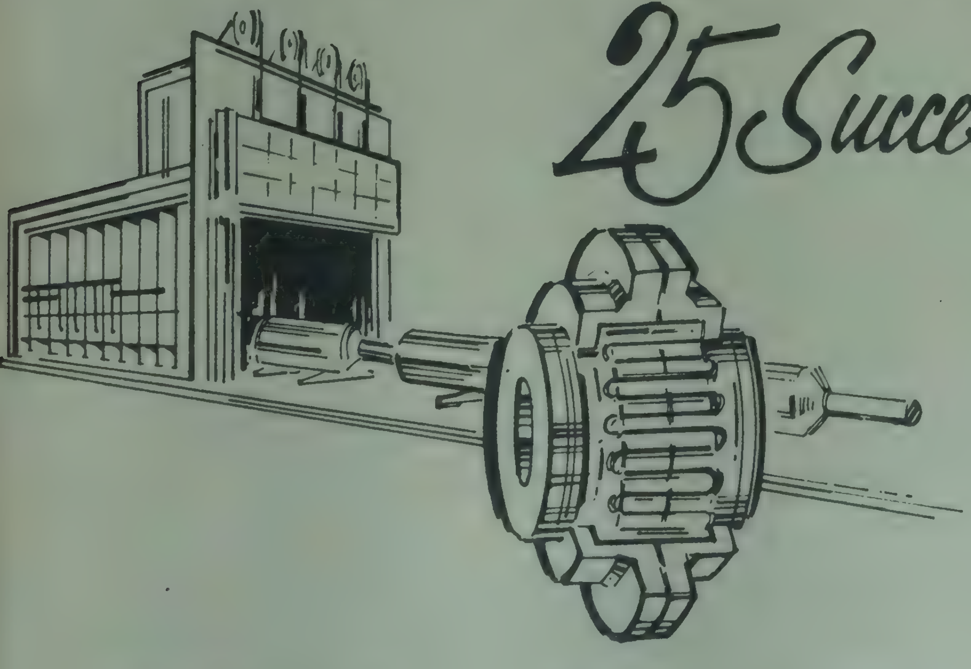

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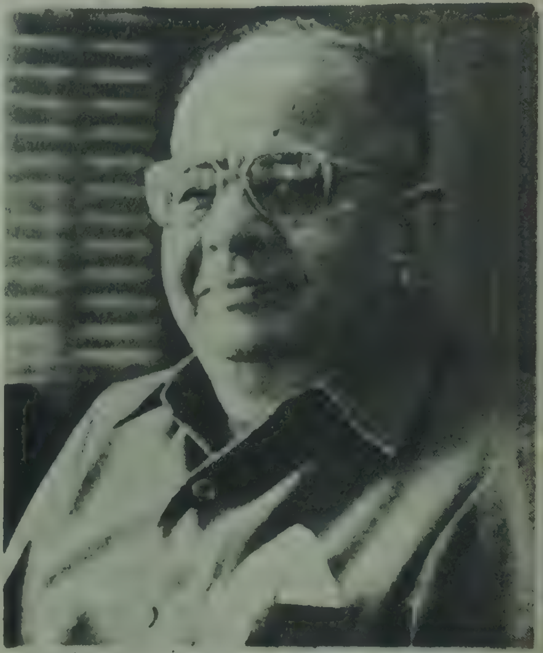
Mafatlals Splitting headaches

Eight years after what seemed to be a smooth separation, members of the Mafatlal family are today involved in litigation against one another. One major development is that the person who is probably the largest shareholder of the group finds himself in a tight corner



Arvind: fighting for control

When the highly respected Mafatlal group of companies decided to split into four in 1979, grace and mutual trust between the three brothers and nephew was the hallmark of the separation. "A model split" — was the unanimous opinion of several envious family controlled business houses on the partition of the Rs 1,000 crore (sales) Mafatlal group.

Eight years later, the split in what is possibly the fourth largest industrial group in the country has again become a matter of public debate. Clouded in controversy and suspicion among the three principal players in the drama — brothers, Arvind, Rasesh and Yogindra Mafatlal — and their nephew Miheer, the "model split" is now revealed as a hotbed of unconcealed acrimony. It has attracted a lot of attention and although all government approvals have been secured, questions are being asked about the validity of the 1979 family partition of corporate entities comprising the bulk of the assets of public limited companies in the group quoted on the stock exchanges. And if the "model" separation is hardly proving to be an exemplar, will there be a reversion to the pre-1979 arrangement and rights restituted to the three brothers and their nephew under the joint ownership and management system prevalent earlier?

Not much was said when the Mafatlals split in 1979, mainly because the key members of the Mafatlal family were sworn to secrecy.

Mention must be made here of the unwillingness of the members to discuss several de-

C. C. Chokshi placed six alternatives before the Mafatlal family to arrive at a family arrangement. The factors taken into consideration were: a) capital and reserves of the 12 group companies; b) their fixed assets; c) the turnover; d) profits before depreciation and tax

Alternatives	Group A	Group B	Group C	Group D
I	Mafatlal Industries	Mafatlal Fine National Machinery	Standard Mills Mysore Plywoods Mafatlal Apparel	Indian Dyestuff Surat Cotton Mihir Textiles
II	Mafatlal Industries Indian Dyestuff	Mafatlal Fine National Machinery	Standard Mills Polyolefine Indus. Hoechst Dyes	Surat Cotton National Organic Mihir Textiles Mysore Plywood
III	Mafatlal Industries Hoechst Dyes National Machinery	Mafatlal Fine Mills National Organic National Machinery	Standard Mills Polyolefine Indus. Mafatlal Apparel	Indian Dyestuff Surat Cotton Mihir Textiles Mysore Plywoods
IV	Mafatlal Industries National Machinery Hoechst Dyes	Mafatlal Fine National Organic	Standard Mills Polyolefine Indus. Mafatlal Apparel	Surat Cotton Indian Dyestuff Mihir Textiles Mysore Plywoods
V	Mafatlal Indus. National Machinery National Organic	Mafatlal Fine Polyolefine Indus.	Standard Mills Co Hoechst Dyes Mysore Plywood Mafatlal Apparel	Indian Dyestuff Surat Cotton Mihir Textiles
VI	National Machinery National Organic	Mafatlal Fine Spg Polyolefine Industries	Standard Mills Hoechst Dyes Mysore Plywoods Mafatlal Apparel	Indian Dyestuff Surat Cotton Mihir Textiles

tails. After repeated attempts, neither Yogindra nor Arvind granted interviews to *Business India*, (Rasesh was abroad). Neither did any of them reply to a questionnaire sent out to them. Like the typical Indian industrialist, at the whiff of a controversy they withdrew into their shell. As for the single largest shareholder in the group, who is in centre stage, Miheer was uncooperative and distant. The facts were gathered primarily from individuals who knew a little about the family, as also from court documents.

The highlight of the recent developments is that the largest shareholding branch within the family — the 29 year old, shy, elusive Miheer Mafatlal and his branch — faces the very real threat of losing its pre-eminent position due to its 50 per cent investment in the group. The shareholding before the reorganisation in 1979 in the Miheer group was more than the total shareholding of the three brothers Arvind, Yogindra, and Rasesh and their branches put together. For instance, while the total shareholding of the brothers was 41.64 per cent in Pransukhlal & Co Pvt Ltd (one of the apex companies in the group), Miheer's branch had 50 per cent. Similarly, in Mafatlal Industries Limited, while the Miheer branch held 16.15 per cent the others together held about 18 per cent.

Box 1

Neat split

Corporate secrets cannot remain hidden forever. In July 1979, when *Business India* went out to do a story on the split in the third largest industrial family in the country, efforts to gather information on the arrangement between the four principal members of the family were stonewalled. Claiming that the partition was purely a family affair, the three Mafatlal brothers — Arvind, Rasesh and Yogindra — refused to disclose any details of the split.

Share transfer. The arrangement involved direct transfer of the controlling block of investments held by MIL (a public limited company with 69,000 shareholders) in Indian Dyestuff Industries, Mafatlal Dyes and Chemicals and Standard Mills to two new investment companies, subsidiaries of MIL, incorporated for the purpose. The shares were transferred at book value — a price many consider to be not entirely in the interest of the larger body of public shareholders.

The newly created investment companies, Mahamaya Investments Ltd and Sundeep Holdings Ltd, would be controlled by Yogindra Mafatlal and Rasesh Mafatlal respectively.

To Mahamaya Investments and Sundeep Holdings were transferred MIL's 26 per cent shareholding in Indian Dyestuff, 28 per cent in Hoechst Dyestuff and 49 per cent in the Standard Mills. Thus YM exercises control over the first two and RM over Standard Mills. The transfer resulted in a notional loss of Rs 16 crores and Rs 6 crores respectively to MIL as the book value of the scrips was far lower than the market price.

Carving the Mafatlal empire turned out to be a very simple exercise. The main architects were two individuals considered to be authorities on the Indian Companies Act and MRTP law — the late Chinubhai C. Chokshi, founder of C.C. Chokshi & Co, auditors to the Mafatlal group of companies, and N. V. Iyer, his successor in the firm. At a meeting on 23 February 1979, Chokshi proposed six alternatives. On 1 March, alternative No V was accepted. The arrangement was based on oral understandings.

The 1 March 1979 meeting decided that suggestion No V would be implemented with a few changes as agreed to among the three brothers.

Four groups. Chokshi proposed the division of the family's holdings into four groups. Group A, consisting of PIL and Mafatlal Fine would go to AM; group B, with NOCIL, MIL and MEL to MM; group C, with Standard Mills Co Ltd, Surat Cotton Spg & Wvg Mills Pvt Ltd, and Mafatlal Apparel Mfg Co to RM; and group D, with Indian Dyestuff Industries Ltd, Pransukhlal & Co Pvt Ltd (along with Mihir Textiles Ltd and Mysore Plywoods Ltd) and Hoechst Dyes & Chemicals Ltd would go to YM.

It was also decided that Industrial Investment Trust Limited (IIT) would go to group C and D to be held between them. The shares of IIT held then by companies in group A and B, viz, Mafatlal Fine Mills (7,000) and Polyolefins Industries (5,000), would be transferred to the companies named by groups C and D.

The foreign companies would be transferred thus: Mafatlal Ltd, Manchester, to groups A and B. Mafatlal AG, Zurich, to groups C and D.

The reorganisation of the charity trusts:

Mafatlal Charity trust would be administered by AM.

Mafatlal Foundation trusts, holding 27,090 shares of Mafatlal Industries Ltd in trusts No 2 to 87, would be divided into four equal parts.

Navinchandra Mafatlal trusts and Mrs Vijayalaxmi Navinchandra Mafatlal Trusts were holding 20,745 and 6,300 equity shares of Mafatlal Industries Ltd respectively. These were to be divided equally between AM, YM and RM.

The trusts created by each one of the brothers would remain in their branch with their trustees.

The trusts with the family of Bhagubhai Mafatlal would have the trustees nominated by his grandson Mihir Mafatlal and his family members.

The Pransukhlal Mafatlal trusts holding 6,904 shares of Mafatlal Industries Ltd would be divided into four equal parts. The number of trusts was 22, so about 5 trusts went to each group.

Full agreement. There was complete understanding about companies owning properties with office premises. As Mafatlal Services would cease to carry out its functions, each one of the floors of Mafatlal Services would be allotted to groups C and D. The top floor of Mafatlal centre would be occupied by groups A and B. The leave and licence agreement would be changed to tenancy arrangement.

The staff of Mafatlal Services would be absorbed in the various operating units.

Any taxation liability arising out of this family arrangement would be borne by the parties concerned, who would be assessable either under capital gains tax or gift tax in the implementation of this family arrangement.

The manner and extent of *inter se* transfers of shares of the companies and holding companies were to be considered as and when actual transfers were to be effected as desired by the group concerned.

It was not considered necessary to enter into any written agreement on these arrangements. So it was an oral understanding among them. It was also understood that right of pre-emption would be given to the group concerned before the sale of the shares of any of the group companies. It was also a clear understanding among the brothers that whenever necessary, proxies or voting power would be given to the brother in charge of the company, who conducted the proceedings for general meetings as well as board meetings. In other words, so far as the public was concerned, the brothers would act as one person, as before.

It was decided that the partnership firms of M.G. Associates and Textile Distributors and Agents would continue and hold office as selling agents as long as such arrangements were permitted under the Companies Act.

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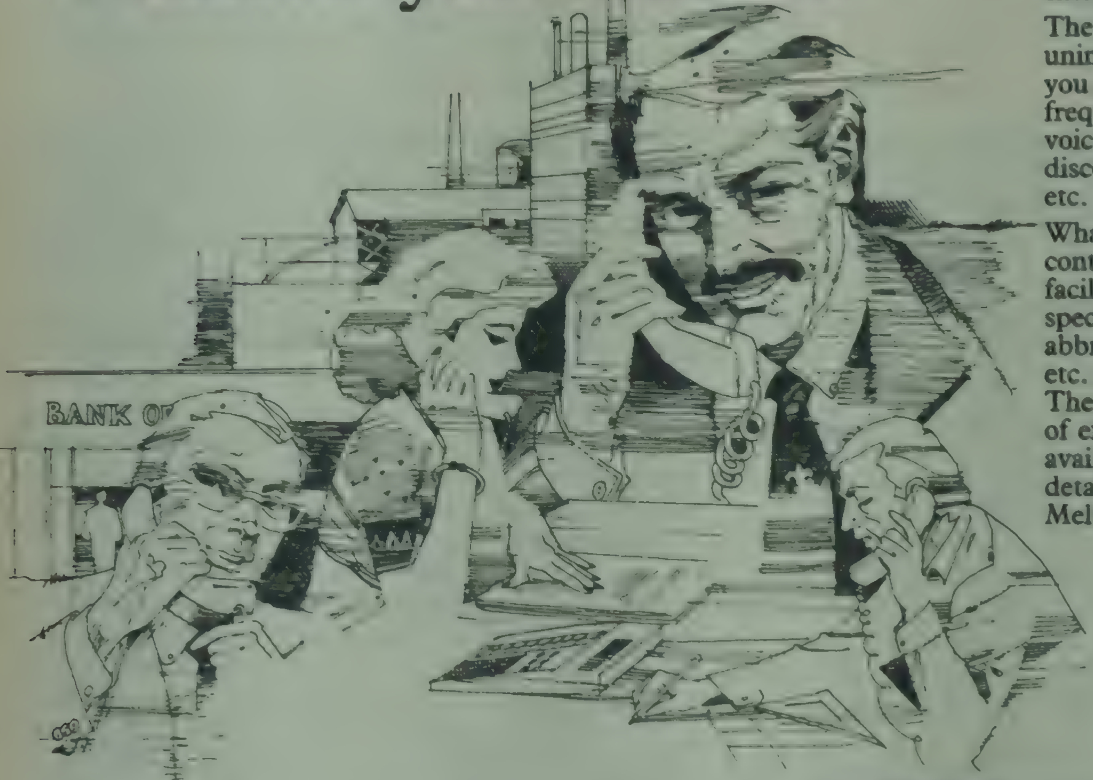

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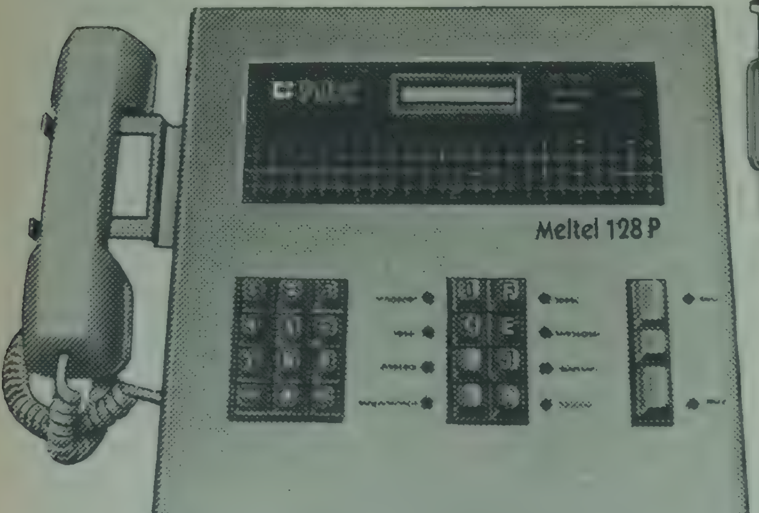

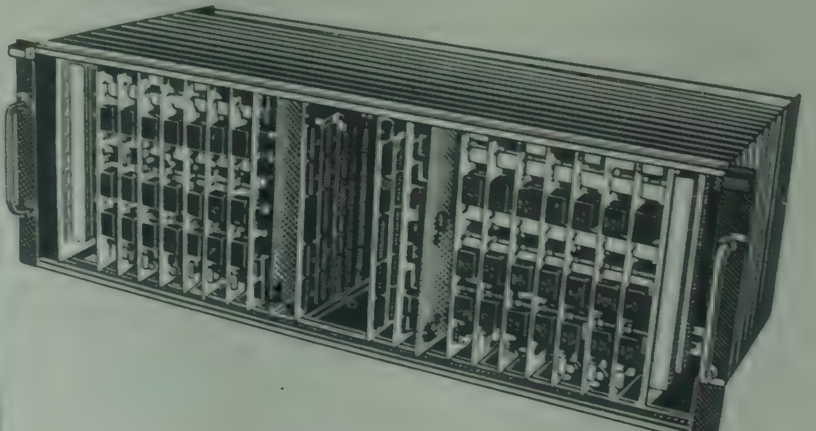

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The 1979 split was based on hiving certain investments off the apex company, Mafatlal Industries Ltd (MIL), into three other group companies — Indian Dyestuff Industries (IDI), Mafatlal Dyes & Chemicals (MDC) (formerly Hoechst Dyes and Chemicals), and Standard Mills (SML). MIL's 26 per cent stake in IDI, 22 per cent stake in MDC, and 30 per cent stake in SM were transferred to two new subsidiaries at book value. The difference between the transfer price and market price was approximately Rs 16 crores and Rs 8 crores respectively.

For this disinvestment MIL did not get any compensation. MIL shareholders were given the option to subscribe to the capital of the newly formed subsidiaries, Mahamaya Investments Ltd (MI) and Sundeep Holdings Ltd (SH). The ratio was for every one share of MIL,

Box 2

The group: telling facts and figures

It is a surprising fact that despite being among the top five industrial groups (the three branches together — Arvind Miheer, Yogindra and Rasesh), no Mafatlal company figures in the Top 25 ranking in terms of sales or assets in the recently published *Business Standard* study of 300 corporate giants. National Organic Chemical Industries' Ltd (NOCIL) is only the 31st and in assets a poor 52nd. The other Mafatlal companies that feature rank even lower.

A study of the financial statements of the major companies in the group — NOCIL, Polyolefins, Standard Mills, Mafatlal Fine, Mafatlal Industries, Mafatlal Mills and Indian Dyestuff — reveals several interesting facets of the group's financial policy and performance.

Group performance (seven companies — 1986-87)

(Rs crores)

Aggregate income	1,080
Aggregate profits after tax (PAT)	40
Cash profit	68
Weighted average dividend (%)	18

Five years ago, the group had a turnover of Rs 608 crores. It crossed the Rs 1,000 crore mark in 1986-87. The compound growth rate of 9 per cent is not a very exciting one. And the profits would have been substantially lower if Mafatlal Engineering Industries (MEI) figures had been included. MEI is under rehabilitation and posted a whopping cash loss of Rs 15 crores for the 18 months ended 31 March 1986.

A textile group. The name Mafatlal is associated with textiles. Even today, of the seven major companies, five are engaged largely in the manufacture of textiles and textile-related products. But in terms of turnover and especially in terms of absolute profits, the non-textile (largely petrochemical related) Mafatlal ventures have gained prominence.

(Rs crores)

	Textile	Non-textile
Income	523.16	556.86
PAT	16.16	23.80
Cash profit	30.75	37.36

The Mafatlal foray into pertrochemicals, viz NOCIL and Polyolefins has been a tremendous success.

Growth or the lack of it. The group growth in sales is a poor 9 per cent over the last 5 years. The rate would be much lower in real terms. Surprisingly the growth rates of NOCIL and Polyolefins, two companies which have been very profitable, have been just 3.1 per cent and 5.5 per cent respectively in the last five years, and are even lower than the growth rates of the textile companies. There has also been no major diversification in the last five years in any of the companies.

Accounting jugglery. Profit planning, for the Mafatlals, seems to take place at the end of the accounting year. The group has decided on two different methods of calculating depreciation policy for its textile companies and non-textile companies. Both NOCIL and PIL have provided for depreciation in full as per the guidelines of the Institute of Chartered Accountants. The textile companies, in the face of inadequate profits, have not provided for adequate depreciation across the board. The accompanying table indicates that Indian Dyestuff would have had to report a loss, if full depreciation had been provided for during 1986-87. Mafatlal Fine discontinued the practice in 1986. This coincided with an upswing in results.

Generous to a fault. The dividend policy of a company is judged based on the dividend percentage. Companies such as Colgate are deemed to have a generous policy, based on the high dividend rates declared. On this criterion alone, the Mafatlal group would seem to be following a conservative and prudent dividend policy with a maximum dividend of 23 per cent in the case of PIL and a weighted average dividend of 18 per cent only. However, the dividend payout (ratio of dividend to PAT) tells a different story. The lowest payout is 28 per cent (Mafatlal Industries) and the highest 63 per cent (Indian Dyestuff) with the average being as high as 40 per cent.

If full depreciation had been provided for then the payout percentage in the case of Standard Mills and Matulya Mills would be over 100 per cent. In the case of Indian Dyestuff the dividend has been paid entirely out of reserves as the company would have had a loss for the year.

Other income. Interest and dividend income contributed Rs 3.71 crores to the textile group bottom line and Rs 5.72 crores to the non-textile group. When seen in the light of the aggregate group PAT of Rs 40 crores, it is a major contributor, with a share of 24 per cent in profits. In the case of Mafatlal Industries, rent income is a hefty Rs 2 crores (approximately) per annum.

The auditors, C.C. Chokshi & Co, who audit all major Mafatlal companies have an annual billing of around Rs 25 lakhs from the group. An examination of Indian Dyestuff Industries' accounts for 1986-87 gives the impression that the management must have asked its accountants to "go forth and produce a profit". There are qualifications in the accounts relating to under-provision for depreciation, non-provision for bad debts, recognition of export incentives on accrual basis, etc.

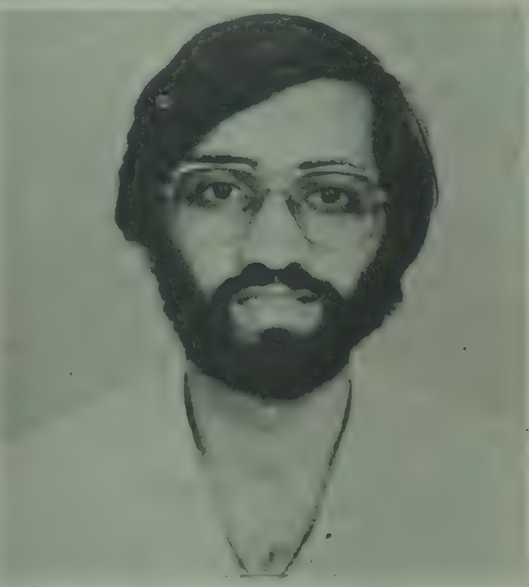
The group has two star-performers in NOCIL and Polyolefins Industries. Unfortunately, instead of making additional investments and thrusting ahead in this field, the group seems to think of them as 'cash-cows'. (It is only last year, after nearly a decade, that NOCIL submitted a proposal to the government for a Rs 1,300 crore expansion plan.) The general feeling that textiles is now a sunset industry seems to be borne out by the performance of the textile group — unless there is a significant modernisation programme. The group now has a millstone around its neck in the form of Mafatlal Engineering Industries. Though rational business practice might dictate that the Mafatlals phase out this company, they will have to continue pumping in money under the pressure of the government and financial institutions. Reportedly, an agreement, reached with the institutions and government would mean that MEI will be merged into Mafatlal Industries or Mafatlal Fine Spinning by December 1988.

SM

the MIL shareholders were invited to subscribe to one share of Mahamaya and Sundeep.

Thus Mahamaya controlled IDI and MDC and Sundeep got a large block in Standard Mills. In turn Yogindra controlled Mahamaya and Sundeep came under Rasesh's control. It was decided not to carry out similar transfers of MIL's 45 per cent stake in Mafatlal Fine as the Miheer branch had decided to join the Arvind branch. A large dividend income to MIL was lost forever. The transaction was completed in 1981.

The next chapter in the Mafatlal drama was written in May/June 1982. A strong personal element added a new dimension to Miheer's relationship with his uncle and guardian Arvind. Miheer married Arvind's eldest son (Padmanabh's) wife in what is described as a "sudden event". Arvind decided to cut off relations with Miheer. In an affidavit filed in court, Arvind stated that he would have nothing to do with Miheer and vice versa.



Miheer: with his back to the wall

Quite understandably, the alliance was, as Arvind has said elsewhere, "traumatic and painful". Without going into details of what is strictly a personal matter, it is sufficient to say that Arvind faced a tricky situation. For one, the family was in an unenviable social situation; also there was the fear that Miheer would join forces with the others against Arvind. The man who put up India's first petrochemicals plant in the private sector was in an unenviable situation.

While most people that *Business India* spoke to were critical of Miheer's marriage, there were a few who had a different point of view. "It is true that it was a difficult situation

Box 3

Drama in the high courts

Trusts
Miheer H. Mafatlal
— Vs —
Arvind N. Mafatlal & Others

It is common knowledge that large industrial houses create private charitable trusts to avoid tax. The Mafatlals are no exception. Arvind Mafatlal set up one such trust in 1978 called the "Atulya and others' Marriage Trust." The trust's corpus consisted of 303 MIL shares, 151 settled by deed and the remaining 152 gifted to the trust. The trust was also a recipient of shares in Sundeep and Mahamaya, to which MIL's interests had been transferred.

Under the provisions of the trust, a third of the corpus was payable to each of Arvind's three nephews, Atulya, Miheer and Pradip, on their respective marriages. On Miheer's marriage in 1982, Arvind and his two sons as co-trustees quite arbitrarily decided to give him only a third of MIL shares settled in the trust, but not those gifted or the shares of Sandeep and Mahamaya acquired by the trust.

Miheer staked his claim over one third of the shares in the entire trust fund. Justice Suresh of Bombay High Court decreed in Miheer's favour. But this has not put an end to the matter as Arvind has now appealed the decision.

Proxy suit
Arvind N. Mafatlal
— Vs —
Yogindra N. Mafatlal & Others

Under the family arrangement of 1979, each of the three brothers, Arvind, Yogindra and Rasesh, was entitled to proxies from the others (including nominees) in respect of the companies under his charge. In addition to his own, Arvind was also given temporary charge of the companies allotted to his nephew, Miheer, till he came of age. The companies allotted to Miheer included MIL.

On the eve of MIL's annual general meeting in August 1985, Miheer's name was proposed as a director in place of his retiring great uncle Pransukhlal M. Patel. Earlier, in July, Miheer had made an attempt to wrest control of his group from Arvind, and accordingly, demanded proxies from Yogindra and Rasesh under the family arrangement.

In view of the conflicting claims, Yogindra and Rasesh declined to give their proxies to either of them. Arvind filed a suit in the Bombay High Court claiming the proxies for himself.

Discussions ensued between the warring family members culminating in the three branches allegedly agreeing to sell their respective holdings in MIL to Arvind or his nominees. As a result the proposal of nominating Miheer was withdrawn and Arvind did not pursue his suit.

Interestingly, Arvind also claimed for the restitution of pre-1979 rights but "without prejudice to his claim for enforcing his right of proxies under the family arrangement." This is rather curious, as the person who would have benefited by reverting to pre-1979 rights could only have been Miheer and not Arvind. However, the claim for restitution apparently unnerved Yogindra and Rasesh who decided to give proxies to Arvind.

Perhaps, it was part of a package deal to settle all outstanding disputes between Arvind and Miheer. But as Arvind was not inclined to simultaneously settle these issues, Yogindra and Rasesh seem to have again extended their support to Miheer in his claim against Arvind. This led Arvind to pursue the Proxy Suit, which is still pending.

Arbitration suit
Arvind N. Mafatlal
— Vs —
Yogindra N. Mafatlal & Others

Arvind claimed that the three other branches agreed to sell their holdings in MIL to him at either a mutually agreed price or one determined by a sole arbitrator, the late Chinubhai C. Chokshi. In the course of exchange of letters, Arvind had initially suggested Nani Palkhivala as the arbitrator. He opted for the arbitration of Chokshi, confidant and tax adviser, and also the architect of the family arrangement.

As the family members could not mutually agree on a price for the sale of MIL shares, Arvind filed an arbitration suit in the Bombay High Court. He claimed that there was a binding agreement for sale of the shares and demanded that the price be fixed by the nominated arbitrator, Chokshi. Further, pending the final disposal of the suit, other members should be restrained from dealing with their holdings or exercising voting rights in respect of them.

In the course of the hearings and in the context of the impending annual general meeting in 1986, it was mutually agreed that a special resolution to increase MIL's authorised capital (for which Arvind did not have the requisite majority) would be dropped but that the parties would be at liberty to vote on other resolutions.

On 17 October 1986 the arbitrator

to stomach and a terrible blow for Arvind," comments an individual well known to the Mafatlal family. "But look at Padmanabh's condition at that time, his weaknesses and the sour relationship with his wife and you find it hard to believe that a man of Arvind's stature would view the incident so narrowly. After all, he has gone on record saying that Miheer was like his third son."

Soon after, Arvind's attitude towards Miheer hardened. Reportedly the family took away all the cars allotted to Miheer's family, deprived him of the office space allocated to him and gave him no access to the family strong room in Mafatlal House. An individual with a 50 per cent stake in the Mafatlal empire had become an outcaste overnight.

Says a lawyer known to the family, "Soon Miheer was in deep waters. Born with a golden spoon in his mouth and with no experience in the ways of the world, he found himself boxed in. Certain arrangements that were made at the time of the 1979 reorganisation placed Arvind in a position of strength."

According to a family retainer, after 1979 it was decided that trusteeships in various family trusts would be so organised that respective branches of the family would have control over their respective family trust. "Yogindra and Rasesh resigned from Miheer's family trust. In their place, Arvind appointed his two sons as his nominees. Thus, in Miheer's trusts there are two members each from Arvind's family and Miheer's family, leaving the Miheer group without a majority in their own trusts. But in Arvind's trusts, there was only one nominee from Miheer's family and three from Arvind's family. The implication of this arrangement is clear from the fact that the family trusts of Arvind and Miheer own 5.6 per cent and 12.4 per cent respectively of MIL shares. This is despite the fact that the family arrangement provides that the trusts in the family of Bhagubhai Mafatlal (Miheer's late grandfather) will have the trustees nominated by Miheer and his family members. But today Arvind and his nominees are still on Miheer's trusts," says the retainer.

The family arrangement was based solely on the pattern of shareholding in the three holding companies — MIL, Surat Cotton, and Pransukhlal Investments. In all these three, Miheer's family branch held 50 per cent. "Today one often hears questions being raised about the contribution to the Mafatlal group's growth from Miheer's branch. But the point is, individual contribution has no bearing on the

Chinubhai Chokshi expired. Consequently, Arvind applied for the appointment of a fresh arbitrator for determining the price of MIL shares. The respondents claimed that Chinubhai Chokshi was not merely an arbitrator but a valuer and consequently on his death, the contract for sale, if any was frustrated. The suit is still pending in the Bombay High Court for disposal.

Suit for specific performance
Arvind N. Mafatlal
— Vs —
Yogindra N. Mafatlal & Others

Apart from the suits for proxies and arbitration, Arvind Mafatlal filed another suit on 6 April 1987 claiming specific performance in the context of an impending rights issue of shares by MIL. With the consent of the controller of capital issues, the company had proposed to issue rights shares to its existing shareholders in the ratio of 1:1 at Rs 300 including a premium of Rs 200. The record date was fixed for 11 April 1987.

A suit was filed claiming that the Rasesh and Miheer groups should renounce their rights in favour of Arvind pending resolution of the arbitration suit. In the meantime, Yogindra agreed to sell his 3 per cent holding in MIL to Arvind and consequently no relief was claimed against his group. It is also reported that negotiations with Rasesh for purchasing his shares are in progress.

The Judge allowed the prayer and restrained the Miheer and Rasesh groups from disposing of their rights in MIL and stated that the renunciation, if any, could be in favour of Arvind alone.

However, the Rasesh and Miheer groups went in appeal to the Division Bench of the Bombay High Court. They contended that Arvind had not paid a single pie for the shares that he had contracted to purchase. Besides, certain formalities under the MRTP Act, the Bombay Public Trusts Act, the Securities Contracts (Regulations) Act as well as the listing agreement with Stock Exchanges had not been complied with. Further, the family's other trusts and companies had not resolved to sell their shares. The Division Bench therefore, upheld the appeal and quashed the previous order. Consequently, Miheer and Rasesh groups are not restrained from exercising voting rights.

The Division Bench has stayed the operation of its judgement for 6 weeks to enable Arvind to prefer appeal, if any, to the Supreme Court.

In 1986, the company proposed to subdivide the shares in denominations of Rs 100 each under central government directive; and increase the authorised capital from Rs 10 crores to Rs 50 crores, to finance expansion/diversification, rights shares etc.

The agenda proposed to amend the clause relating to capital in the Articles of Association by a Special resolution and several other changes by ordinary resolutions. As Miheer (supported by Yogindra and Rasesh) commanded 28 per cent of the voting power and could therefore block a special resolution, the proposed amendment had to be dropped.

Subsequent to the AGM, however, the company filed a declaration under sections 95 and 97 of the Companies Act. The registrar of companies promptly recorded it, thus effecting an increase in the company's authorised capital even though the resolution had not been put to vote!

The registrar's action was challenged by Miheer and his group in a suit in Bombay High Court. The trial judge dismissed the notice of motion. On appeal, the provision bench of the High Court, with the consent of the parties, heard the notice of motion and the suit together and dismissed both. The special Leave Petition to the Supreme Court was also dismissed. Thus the increase in authorised capital of MIL is final.

It should however, be pointed out that the procedure adopted by MIL for increasing its capital is unique in the history of joint stock companies. Instead of amending the capital clause in its Articles of Memorandum, by passing the requisite resolutions, the company has sidelined the shareholders and thus, set a new precedent.

Suit re increase of authorised capital of MIL

Until 1986, the authorised and paid-up capital of MIL was as follows:—

	Authorised capital		Issued & Paid-up capital	
	No of shares	Rs crores	No of shares	Rs crores
Equity shares	648,000 @ Rs 125/-	8.10	648,000 @ Rs 125/-	8.10
Unclassified shares	152,000 @ Rs 125/- each	1.90	—	—
		10.00		8.10

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family arrangement and this is clear from the document drawn up by Chokshi."

It is also a moot point that a third investment company discussed in the arrangement envisaged hiving off MIL's 45 per cent stake in Mafatlal Fine. Why was it not carried out? "Had it been implemented MIL shares from the Arvind group would have been exchanged in the transaction and the Miheer branch would have assumed control of MIL. It could have been so arranged that management control remained with Arvind Mafatlal, till Miheer became wellversed in company management. But Chokshi and Arvind thought fit to maintain the status quo.

"What is more, over a period of 18 to 24 months Miheer's right to an eight per cent block in MIL was transferred to Polyolefins Industries Limited in a very circuitous manner. This company was allotted to the Arvind group under the FA."

According to this well-wisher, the FA is full of twists and turns making it difficult for the uninitiated to grasp the full implications. In 1979 the right of pre-emption was to be given to the *group* concerned. However, in October 1980, Chokshi stated in another note prepared by him, "It is reiterated that if a sale of shares is contemplated the right would have to be given to the *brother* in charge." Significantly the above developments took place before 1982.

In July 1985, the course of events took a new turn. In a letter dated 23 July 1985 addressed to Arvind, Miheer recalled that at the time of the split in 1979 it was represented to him and his family members that there was enough manoeuvrability for separation of his family units in due course of time. In short, Miheer has demanded his rights as spelt out under the family arrangement.

But in a sudden volte face, Miheer wrote another letter dated 27 July 1985, whereby along with Yogindra and Rasesh, he offered to sell out his holdings in MIL to Arvind or his

Box 4

How PIL got 8 per cent of MIL

One of the strong allegations supported by a court affidavit against the branch headed by Arvind Mafatlal is the manner in which an 8 per cent block of shares of the apex company, Mafatlal Industries Ltd (MIL), was eventually transferred to Polyolefins Industries Ltd (PIL), a member of the A. N. Mafatlal (AM) branch.

Under the provisions of the family arrangement, the Miheer Mafatlal (MM) branch had the first right of pre-emption to the 8 per cent MIL block. Instead the shares were transferred to a company namely Padmashree Synthetics Pvt Ltd (PSP), a small scale textile company, where Miheer was appointed managing director. Interestingly, the shareholding pattern of PSP was such that two thirds of its capital was held by the AM branch and one third by Miheer's. This was done on the advice of the auditors, the late C. C. Chokshi, ostensibly to get around the provisions of the MRTP Act. The MIL shares were transferred to PSP on the understanding that PSP would ultimately go to the MM branch and it would continue to hold the shares of MIL.

According to a close associate of the Mafatlal family, between April 1980 and June 1982 a total of approximately 50,000 MIL shares acquired from the Rasesh Mafatlal (RM) branch, the Yogendra Mafatlal (YM) branch, the MM branch and the AM branch was transferred to PSP. This was done on the plea that PSP would eventually go to the MM branch. But the holding structure of PSP ensured that if need be, the MM branch would now have control over the 8 per cent block. This is evident from the following: PSP was a 100 per cent subsidiary of Sumangala Investments Pvt Ltd and Miheer was one of the 10 directors. The others were not his nominees. In turn, 33 per cent of Sumangala's share capital was held by Miheer, 53 per cent by another investment company — Suremi Investments Pvt Ltd. The balance was held by AM branch.

In 1983, when PSP had a loan in its books from PIL and another investment company, Surabhi Investments, a pledge was created against the 8 per cent share that PSP held in MIL. Soon after Surabhi wrote to PSP asking for repayment of the loan. "Coincidentally, around this time, MM had fallen out with AM. It was known that MM was relying on independent advice," reveals a close associate of the family. PSP did not have the cash to repay the loan and so it was decided to transfer the MIL shares to Surabhi and PIL. This was sometime in 1984. Shortly thereafter Surabhi sold the MIL shares to PIL. It is of significance to note that PIL is a company which was allotted to the AM branch under the family arrangement.

"The real intention behind the manoeuvre was to increase the AM branch holding, brick by brick, piece by piece," says the family associate.

Below are details of the transfer of the 8 per cent MIL block.

Manoeuvering for control?

From	Acquired during	No of shares acquired
Rasesh branch	April 1980	8,974
	September 1981	6,000
	November 1981	2,439
	January 1982	9,347
	June 1982	3,637
		30,394
Yogindra branch	November 1981	11,498
	January 1982	2,112
	February 1982	20
	June 1982	1,051
		14,681
Miheer branch	April 1980	1,520
Arvind branch	April 1980	1,204
Sisters and outsiders	June 1980	3,011
		50,813 (7.84%)

Transferred from Padmashree Synthetics Pvt Ltd: to:	
Polyolefins Industries Ltd	26,136
Surabhi Investments Pvt Ltd on 23 December, 1983	24,688*
	50,824

* *Subsequently these shares were also transferred to Polyolefins Industries Ltd.*

nominees. The letter reads, "You may kindly convey your consent to buy out the said shares within 48 hours of the receipt of this letter." The offer made by Shri Yogindra N. Mafatlal and Shri Rasesh N. Mafatlal and myself is one complete deal.

"The price for the sale of the said shares shall be a fair price as mutually agreed between us. Such price should be mutually agreed upon within 96 hours of your conveying your consent to buy out the said shares.

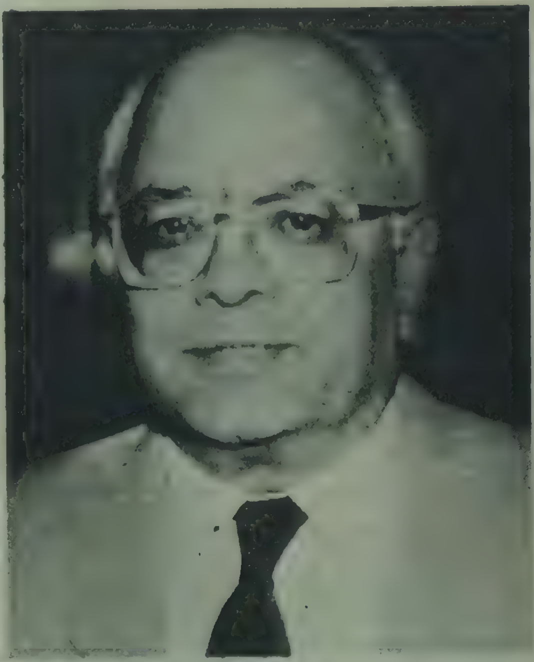
"The sale and purchase of the shares would be carried out on spot delivery basis and shall be completed in entirety by 31st January 1986.

"The aforesaid offer has been made with a view to arrive at a final settlement and is without prejudice to all my rights and contentions. If however, a settlement with reference to the above offer cannot be reached, I reserve my rights and claims as set out in my letter of 23rd July 1985. Nothing in this letter will amount to waiver of any of my rights or those of my group." Similar offers were made by Yogindra and Rasesh.

This offer from Miheer seems to have given the Arvind group the upperhand in Mafatlal Industries Limited. This is a focal company. Besides a 45 per cent stake in Mafatlal Fine, MIL has a 12 per cent equity stake in NOCIL. NOCIL in turn has an 18 per cent interest in PIL. Soon after, it was agreed by all the four family members to appoint C. C. Chokshi as sole arbitrator to determine the price of the MIL shares. After the exchange of a series of letters between all the four individuals, nothing seemed to be working out. In early December 1985, Arvind Mafatlal wrote another letter to Yogindra, Rasesh and Miheer stating inter alia that "there is a valid, concluded and binding agreement with regard to the sale of MIL shares and the same cannot be mixed up with other matters which may be separately discussed." This claim was denied by all the three. What followed was several suits filed by Arvind against the other three, to bind the others to the family arrangement and the agreement of 1985.

While it is clear that Miheer was willing to sell out the group's block in MIL, it is alleged by those close to him that the argument was over a "fair" price for acquiring the block of shares. Points out a relative of Miheer, "First of all the claim that the contract is valid and binding is totally false. It cannot stand in a court of law." And if Arvind is serious about buying out Miheer he must take into account factors such as controlling interest and Miheer's right under the family arrangement to take over MIL, while computing purchase considerations.

A third and perhaps most significant development was the MIL board's decision in late 1986 to increase the authorised capital of the company from Rs 10 crores to Rs 50 crores.



Yogindra: he has bought his peace

As for Miheer, "He is a willing seller" claims sources close to him. It is stated that in April 1987, he made a fresh offer to sell his holdings to the Arvind branch, failing which he opted to buy the Arvind branch holdings in MIL. But so far the status quo remains

This was contested by the Miheer group right up to the Supreme Court. But they lost the case. Soon after the MIL board decided to make a rights issue in the ratio of 1:1 at a premium of Rs 200 per share (Rs 100 paid up). Some shareholders have gone to the court over the rights issue. Whatever the merits or demerits of the case, one result will be that the rights issue will not only halve the Miheer group's holding in MIL but also perhaps curtail his group's dividend income. After the rights, according to certain calculations, MIL will not be in a position to maintain the 22 per cent dividend that the company declared in 1986-87."

According to Narendra Shodhan, a public interest litigation specialist from Ahmedabad (who had also filed a suit in the Ambica Mills case). "While it is claimed by the MIL management that the proceeds from the rights issue of Rs 24.30 crores would be utilised in setting up a leasing subsidiary, financing MIL's modernisation expenditure in the textile and chemical divisions, it is evident from available statistics that the Rs 12.38-crore investment in NOCIL shares is going to be met not out of internal generation as claimed but through the rights issue," says Shodhan.

At one stage in about 1985 it appeared as if Rasesh and Yogindra joined forces with Miheer in his efforts to safeguard his own interests under the arrangement. But apparently earlier this year once again there was an apparent re-alignment within the family. Reportedly Rasesh came to an understanding to sell the NOCIL shares (6 per cent equity) held by Standard Mills to MIL. Similarly the bone of contention between Yogindra and Arvind — the 3 per cent equity in MIL in Yogindra's personal capacity — was resolved when in March Yogindra agreed to sell out his shares to Arvind at Rs 305 per share. Again in March, MIL's board resolution approving the rights issue came through. Around this time, MIL disposed of its holding of 13,320 shares in Mahamaya Investments at Rs 27 a share as fixed under the family arrangement. It is also rumoured that Arvind was negotiating with Rasesh for sale of the 8 per cent equity in MIL held by Surat Cotton and Weaving Pvt Ltd, a company controlled by Rasesh.

A new arrangement seems to have been arrived at in March among the three brothers. Yogindra resigned from the board of MIL on 5 June after a 42 year association as director. As if in response both sons of Arvind, Padmanabh and Hrishikesh also resigned from the board of Yogindra's companies IDI and HDC respectively in June itself.

Where does all this leave MIL and Miheer? If MIL's investment in NOCIL comes through (there is a stay on allotment pending in the Gujarat High Court) corporate observers feel that it could prove to be a drain on the company's reserves. In any case the additional 6.5 per cent equity in NOCIL will not really give MIL any significant advantage in NOCIL. Analysts argue that at Rs 536 per share there are better opportunities for MIL.

As for Miheer, "He is a willing seller" claims sources close to him. It is stated that in April 1987, he made a fresh offer to sell his holdings to the Arvind branch, failing which he opted to buy the Arvind branch holding in MIL. But so far the status quo remains.

The Mafatlal family has played a premier role in India's industrial growth and has an enviable record of public service. Well wishers of the family are not unnaturally upset that all this litigation has consumed valuable energies and diverted the talents of the brothers. It has also been an emotional drain. They are looking forward to the time when these troubles will be swept to the past and the family can once again occupy its pre-eminent position in nation building.

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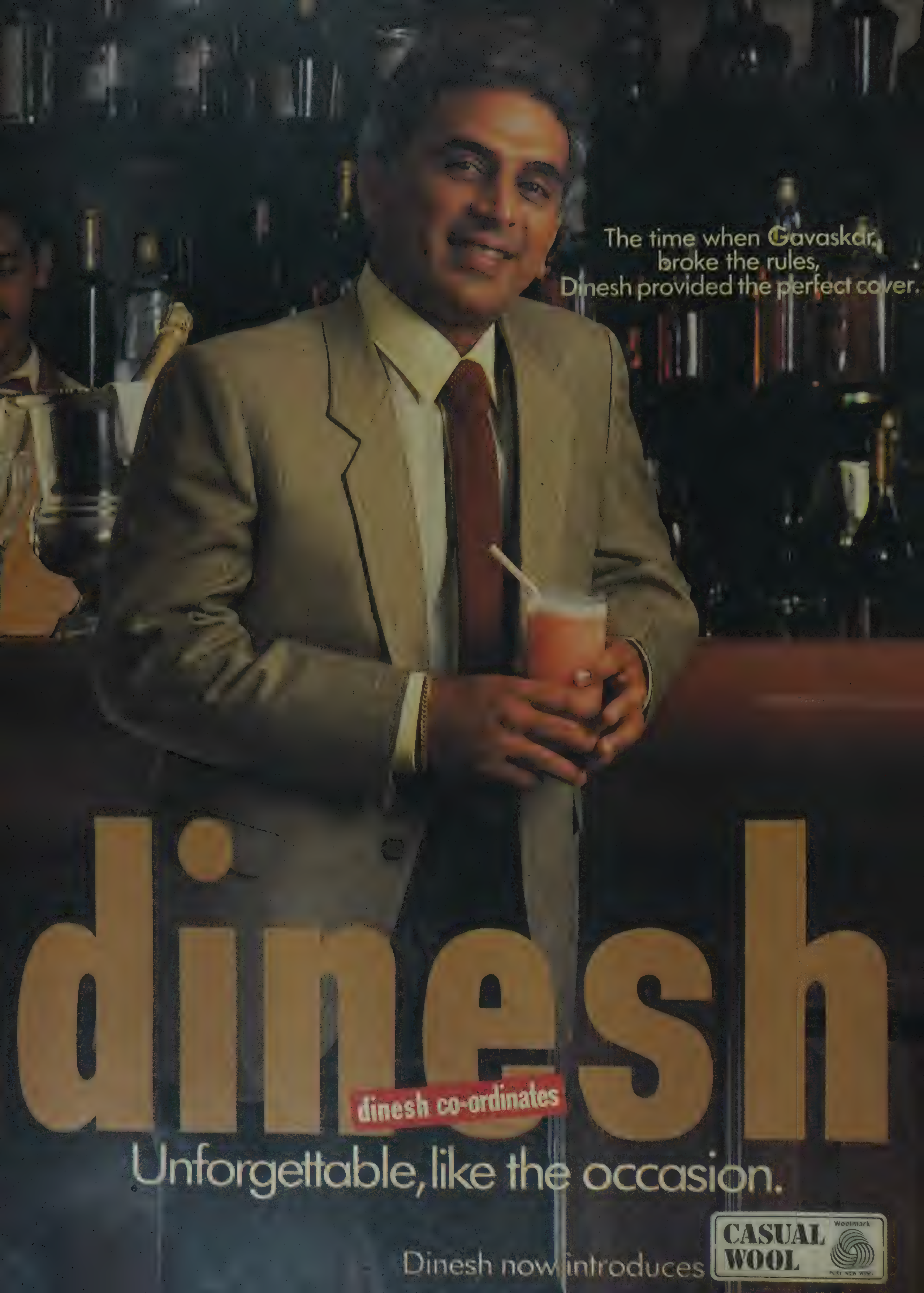
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INDIA STEAMSHIP

Clearing the decks

Mounting losses, excessive debt and interest burdens and a ruthless market had driven the K. K. Birla group company India Steamship into rough weather. But now, the company is trying to get back into the black with financial restructuring, a merger and fleet expansion

As the beleagured Scindia Steam Navigation Co Ltd grapples with the trials and tribulations of the 14 year long recession in the shipping business, the signals are being received loud and clear by others in the industry. Among them is the Calcutta based India Steamship Co Ltd, which has been piling up losses for several years now. This K. K. Birla group company is one of the country's three companies engaged in the fiercely competitive liner trade (the other two being Scindia and the state-owned Shipping Corporation of India).

According to senior officials of the Shipping Credit & Investment Company of India (SCICI), India Steamship has received the clearances for a Rs 50 crore rehabilitation package from the funding agency. The plan provides for a merger with Ratnakar Shipping, another ailing K. K. Birla group company; acquisition of 10 ships; and conversion of a substantial part of the company's huge debt into zero-interest bonds.

PRECARIOUS STATE

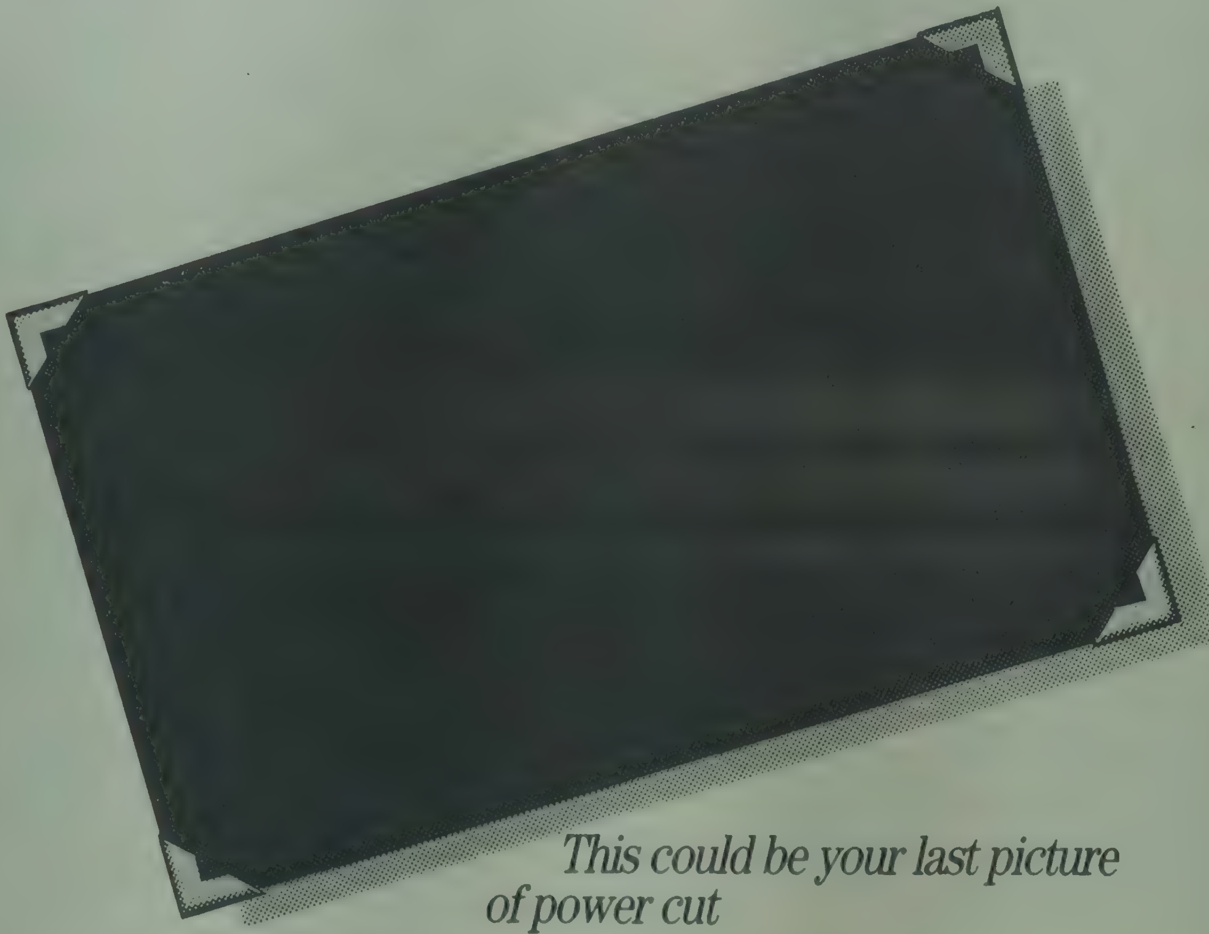
India Steamship is today in a precarious state. While the company has made small operating profits (before depreciation and interest) for the last three years, its accumulated losses have steadily mounted. As of 31 March 1987, these touched Rs 57 crores, against a net worth of Rs 5.3 crores. The company's debt has ballooned to over Rs 120 crores. The interest and depreciation charges last year were Rs 10 crores and Rs 9.59 crores respectively, against an operating profit of Rs 6.5 crores.

Ratnakar Shipping is in a bad shape too Accumulated losses exceeded Rs 22 crores as of 31 March 1986 against a net worth of Rs 2.89 crores. The company's borrowings amounted to nearly Rs 100 crores. The annual interest cost is over Rs 7 crores compared to operating profits of around Rs 2 to Rs 3 crores a year.

So, the combined balance sheet restructuring involves a conversion of the enormous debt burden (in excess of Rs 220 crores for the two companies put together) into cumulative convertible preference shares and zero-interest bonds. How much of the combined debt is to be converted to zero-rated bonds and how much to preference shares is not known as yet. However, it is likely that while commercial loans would be converted to preference shares, others will be converted to bonds.

In this way, the overhang of an unserviceable interest burden would cease for either company, and with an improvement in operating profits, the company should be able to charge depreciation fully and start showing a black bottom line. The bonds would of course be repaid in due course, while with part of the loans converted to equity, the net worth would improve. An obstacle to the merger plan lies in the showcause notices

India Steamship s Indian Goodwill: back in the reckoning?



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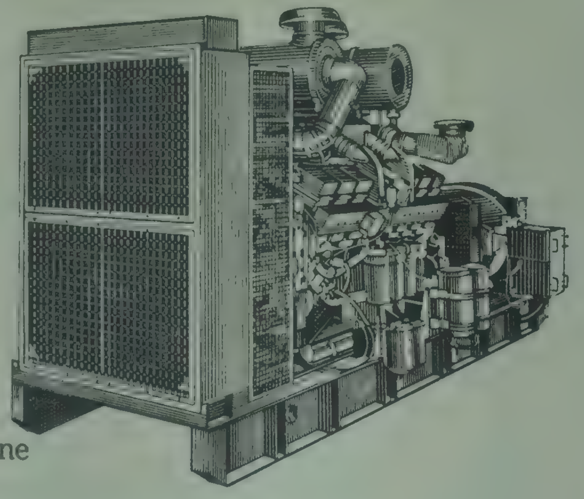

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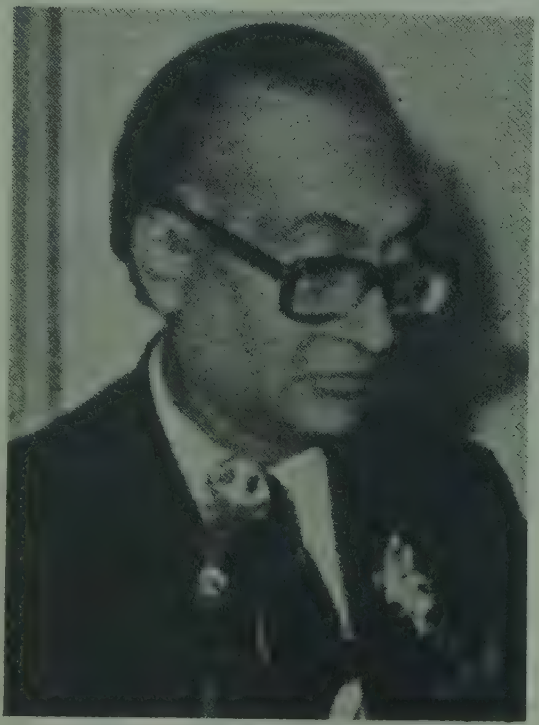
served by the government on Ratnakar Shipping for defaults in loan repayments. However, current indications are that these will soon be withdrawn.

P. P. Bagchi, chief executive of India Steamship, who joined the company last year after a long stint with Esso (later Hindustan Petroleum) and then with the government (as the executive director of the Oil Coordination Committee) has great hopes of the overall plans. He says, "I am confident that the rehabilitation plan will work. This company of 800 people, one of the oldest shipping lines in the country, will re-emerge as a proud carrier of the Indian flag." Similarly, senior officials at SCICI are confident that the revival plan will work well.

Once the plan sails through, India Steamship plans to sell 10 over-aged vessels out of its total fleet of 16, and Ratnakar 4 out of its 7. The merged company would then acquire 10 new vessels, with at least 80 per cent of the cost being financed by government loans. The new fleet of modern, efficient vessels would of course mean a substantial improvement in the company's operating income, even at current freight rates. Ratnakar currently owns one tanker (chartered to one of the oil companies), and some bulk carriers on tramp services. After the merger, India Steam's vessels would continue on the liner trade, and Ratnakar's on tramp.

Over the years, India Steamship has basically been a liner shipping company engaged in break-bulk general cargo movements. But the oil shock of 1972-73 and the collapse of freight rates had an adverse impact on the company's finances. Having earlier been "blacklisted" by the erstwhile SDFC — the company claims that it was later given a clean chit — India Steamship opted for commercial loans to acquire expensive vessels when the market was at its peak. Subsequently, with the downturn, it was caught in a vice-like debt trap. Lacking the financial strength to diversify into other profitable areas of operation, India Steamship languished all these years.

Today, the company's fleet is old, requiring high costs of operation. Of the 16 ships owned by the company, 10 vessels are over 15 years old, and these are nowhere near as good as the fuel efficient, faster and versatile ships built during the last three or four years. Most of the company's vessels need to be replaced with modern ships within the next two or three years.



K. K. Birla: the hidden persuader

Much of the modernisation effort at India Steamship will concentrate on equipping its ships to carry container cargo. Containerisation, which has been doing away with break-bulking, has been accepted by Indian shipping only on a limited scale. Barring the SCI, most other Indian companies have not gone in for containerisation in a big way. "The trend suggests that containerisation is going to be the biggest mode of transporting general cargo in a few years to come. So we need to gear up our machinery likewise, even if we stick to the liner trade," says Bagchi.

The much talked about "container consortium" is likely to start functioning soon, with India Steamship and the SCI having reached an agreement over the tricky issue of sharing the business. Scindia, it is rumoured, may no longer be a party to the consortium, in view of its uncertain future.

The consortium concept is popular abroad because of the inherent advantages of common sharing of costs and resources in terms of manpower, ships and systems. And with increasing pressure on the government to reserve 40 per cent of national cargo for Indian bottoms, the Indian container consortium, when formed, is expected to work profitably, even though container freight rates are today quite low. In fact, these low rates are another reason why a consortium becomes so very necessary.

DIRECT SERVICES

Meanwhile, last fortnight, the company reached an agreement with the Black Sea Steamship Co Ltd, the Soviet line, for transportation of its containerised cargoes on vessels operated by the latter between India and British and other north Continental ports. With this, India Steamship will now provide direct container services between Bombay and UK and Continental ports, supplementing the container slot charter agreement between India Steamship and SCI for similar services. The company is also considering the extension of its contianer feeder service to Colombo.

Another significant development is that Zuari Agro Chemicals — another K. K. Birla company — has decided to use the services of India Steamship for carrying phosphoric acid from its diammonium phosphate (DAP) plant in Goa to US ports once the latter acquires a phos acid carrier (approximate size 25,000 dwt). Since the country's oil transportation market is near saturation, India Steamship pins substantial hope on the "in-house" arrangement with Zuari Agro. According to company officials, negotiations are currently being conducted with US exporters for carrying other cargo on return trips. Since the outright purchase of a ship for this purpose could cost over Rs 35 crores, the company is planning to charter a vessel on a long-term basis. Meanwhile, it is learnt, Zuari Agro's earlier application for the purchase of a phos acid carrier has been transferred to India Steamship.

Currently, the country is importing about 1.5 million tonnes of phosphoric acid, the bulk of which is being carried by foreign lines. Since such imports are likely to reach 2 million tonnes by 1990, Bagchi suggests that the government of India should insist that these imports should be on FOB basis and be carried on Indian bottoms. "A directive on these lines would be a big help for us", he says.

India Steamship has also got into offshore oil shipping at Bombay High in a tentative way. As a preliminary step, it took over the management and operations of four offshore supply vessels (OSV) belonging to the Oil and Natural Gas Commission (ONGC). The company has now offered to buy these OSVs on a deferred payment basis. Company officials say that operating owned OSVs would be more remunerative. The company also plans to take over the management of more sophisticated oil support vessels and equipment required for oil exploration and production, with foreign collaborations, if necessary.

In June 1986, India Steamship started a feeder service between Calcutta and Singapore, which was subsequently extended to Madras, by recommissioning a cellular ship acquired in 1977 and laid up in Calcutta for quite some time. Basically, feeder services are an outcome of containerisation. Says Chandrashekharan, financial controller of India Steamship, "We have put *Indian Courier* one of our old laid-off vessels into feeder service. And this has put an end to the heavy maintenance expenses."

All this indicates a new seriousness to tone up operations. Though the future of India Steamship is tied to an improvement of international freight rates — which under current indications, may have bottomed out — much of the company's future is dependent on the current rehabilitation plan.

KAVERI MITRA

HINDUSTAN LATEX LTD

Upbeat mood

At HLL, plans for the future are not in short supply. By offering the whole range of contraceptives, the company hopes to become a name to reckon with in the market for birth prevention products. A report

At Hindustan Latex Ltd (HLL), the country's largest manufacturer of condoms, the mood is good. The company has just launched its upmarket brand of luxury condoms, "Moods". The last year ended 31 March 1987 witnessed a comfortable profit. What's more the company has now set sights on a diversification programme which will enable it to offer a wider spectrum of contraceptive and allied products in the market.

All this is not bad for a company which was continuously in the red for over a decade since inception. In 1980-81, losses touched Rs 47 lakhs. The next year saw the beginning of the turnaround, with the company recording its first profit after tax of Rs 47 lakhs. Since then, HLL has breathed more comfortably. During 1984-85, it just scraped through with a net profit of Rs 1 lakh. Last year, the net profit was Rs 53.33 lakhs, as compared with the Rs 42 lakhs posted in 1985-86.

The reason for the government-owned HLL's turnaround are not unusual: better capacity utilisation, more efficient raw material consumption, and reduced wastage and rejection. Last year's capacity utilisation was 95.03 per cent at HLL's old plant and 90.6 per cent at its new plant. At these levels it produced 273.68 and 85.16 million pieces respectively.

When it started operation in 1969, HLL's capacity was 144 million pieces. This was doubled to 288 in 1977. Late last year the company raised its capacity again with two new plants, each capable of manufacturing 160 million pieces — one at Belgaum, Karnataka and the other adjacent to its existing one at Trivandrum, Kerala. Today, HLL has a total annual production capacity of 608 million pieces, placing it far ahead of most other manufacturers both within and outside the country. The national demand for condoms continues to be huge and growing. In 1981-82, the national demand was 372 million pieces, in 1983-84 528 million and in the next year it surged to 622 million. This year, demand is expected to touch 800 million pieces and by the end of the Seventh Plan it should swell to a massive 1,200 million a year. Buoyed up by such demand, HLL expects its turnover to be Rs 23 crores this year.

HLL's new plants employ the sophisticated technology of its Japanese collaborators, Okamoto Riken Gomu, to produce indigenously, for the first time, skin-thin condoms. They have a wall thickness of 0.03-0.04 mm (compared with the 0.06-0.07 mm of conventional condoms) which, the company claims, provide a "near natural feel" — the principal selling proposition for its newest brand. Apart from being extra thin ("nothing else comes close enough", promises the ad slogan!), Moods condoms are coloured and lubricated. A packet of four costs Rs 5.

CAPTIVE MARKET

But selling moods is not going to be easy. This is because the company has had a long history of inept marketing. In fact, until recently, it had no professional marketing manager and even today it does not have a full-fledged marketing department. Apart from higher production efficiency, HLL's success in the 1980s is due mainly to the captive nature of its market — most of its output is sold to the ministry of health and family welfare for its various family planning (FP) schemes.

HLL thus has little experience of the rough and tumble of a competitive market. Its only foray into such an environment proved disastrous. In June 1982, HLL launched Share, a lubricated condom that was also perfumed with musk oil. It was meant to take on the Kohinoor brand, of the London Rubber Co, belonging to the TTK group, and also an assortment of imported condoms.

HLL's weak marketing all but killed Share. The decision to change distributors, from IDPL to Muller & Phipps, Bombay, proved futile. Both turned out to be equally poor marketeers. HLL, on its part, failed to give the right advertising support. When the distributors were stockedup with the product, there were no ads to ensure a quick offtake. And when the ads were splashed in the media, the distributors had low stocks of Share. So much so that in 1984-85, HLL had to withdraw from the market about 2.7 million pieces of Share which had overshot their expiry dates. The company had to write off Rs 14.78 lakhs on account of this fiasco.

The failure of Share delayed the launch of Moods, which HLL's management had first talked about as far back as in 1984. To ensure that such a failure does not recur, HLL has now appointed the Delhi-based Pan Markets India (Pvt) Ltd as its marketing agent for Moods. (In Kerala the marketing will be done by National Trading Co, Cochin). According to HLL's managing director, P.V.S.

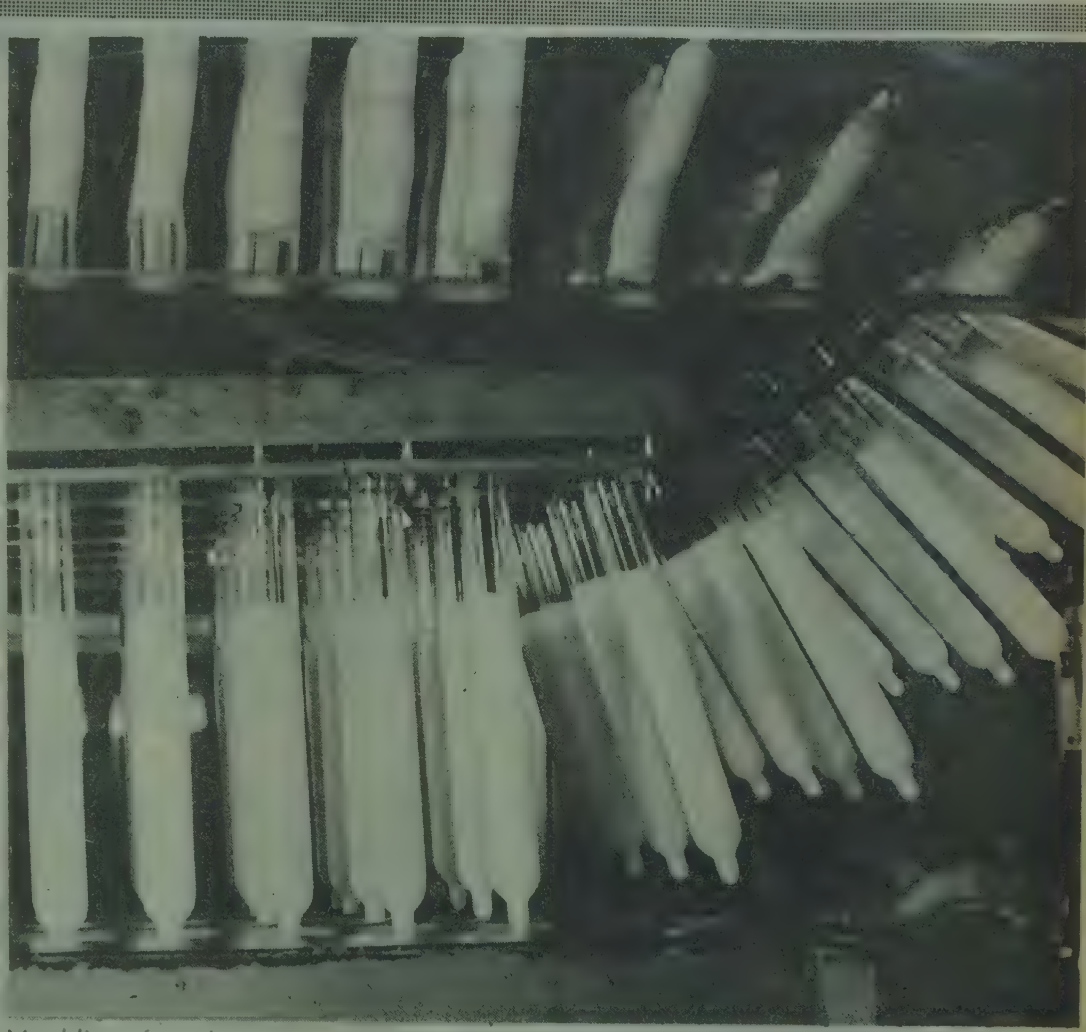
Moods: more skilful marketing

Namboodiripad, this time the marketing will be more professional and innovative.

So far 400,000 Moods condoms have come into the market, backed by a Rs 30-lakh advertising and sales promotion campaign. HLL has set its target at 10 million pieces for the first year, to be stepped up to 15 million the next year. According to marketing manager R.T.R. Varma, although the market response has been so far encouraging, the rate of repurchase will become clear only by September. "Only then will the real impact of Moods on the market become clear", says Varma. "And we will be able to project sales more confidently." Namboodiripad even hopes to relaunch Share if Moods succeeds. "There is a lot of goodwill that still exists for Share," he says.

HLL has also begun supplying condoms of a similar quality for the government's FP programme. These will be sold at subsidised rates as Super Deluxe Nirodh. Ironically, these may well take a slice of the market share of Moods, unless positioned in a distinct market segment.

HLL's immediate diversification into new products will be focussed on the manufacture of disposable syringes. At present India's major manufacturer is Steriware Pvt Ltd, Faridabad, which has been around since 1976. The market is also awash with imported syringes, priced at around Rs 5 each.



Moulding of condoms at HLL

AIDS-SPURRED DEMAND

The demand for disposable syringes is estimated to be a substantial 160 million pieces a year. And it is growing at a rapid pace of 30 per cent a year, spurred no doubt, by the spreading AIDS scare. HLL hopes to manufacture about 60 million syringes a year and sell them at Re 1 a piece. Says Namboodiripad: "At Re 1, no one will be able to compete with us. We will be the only ones to have such a large manufacturing capacity."

But it is still too early to get carried away. Though HLL has shortlisted two companies for its collaboration for the syringe project, it has yet to tie up an agreement. It hopes to have its syringes into the market by September 1989. Meanwhile, it is on the lookout for six acres of land near its corporate headquarters at Trivandrum for the syringes plant.

Like condom manufacturers the world over, HLL is benefiting from the growing AIDS panic and health authorities advocating condoms as a preventive, manufacturers have been flooded with orders. HLL too has been receiving a stream of inquiries from around the world. But since its primary commitment is to the government's FP programme and it has no capacity to spare, HLL has so far turned down most requests.

However, in mid-July this year, it signed two memorandums of agreement for exports of condoms — 15 million pieces to a Canadian company and 5 million to Germany. On these orders, HLL hopes to earn a profit margin of at least 15 per cent. Interestingly, the Canadian order stipulates the addition of a chemical in the condom's lubricant. This chemical, to be supplied by the Canadian company, has spermicidal properties and, according to research by a French institute, is likely to inhibit the AIDS virus too. This property is as yet unconfirmed, but it could give HLL a unique, competitive edge in the future — should HLL ever desire to market such a condom the Canadian company is bound by the agreement to supply the technology.

Namboodiripad: encouraging market response

A WIDER RANGE

HLL also plans to increase the range of its contraceptive products with the manufacture of the intra-uterine device, the copper-T. The company is scouting around for prospective Danish or West German collaborators. But unless the government of India assures it a specified, regular offtake, HLL will not find copper-T manufacture a viable proposition. Also on the board is a plan to manufacture oral contraceptive pills. By providing a whole range of contraceptives, the HLL management intends to make the company a name to reckon with in the market for birth prevention products.

At HLL, plans for the future are certainly not in short supply. What is critical, however, is its ability to cut through red tape and banish delays. The disposable syringes project, for instance, was first proposed in January 1985, and Moods in the year before. Yet these plans could not take off quickly. Says Namboodiripad: "Internally, we are geared up to the speed of the private sector, but there is still a lot of red tape to overcome."

K. G. KUMAR

Another **Classic** from Hindustan Motors

Incorporated in 1942, Hindustan Motors today is a giant multi-product multi-location conglomerate with a turnover exceeding Rs.370 crores. As on 31st March, 1987 the gross fixed assets of the company stood at over Rs.260 crores against which the outstanding term debt was just Rs.38.62 crores.

With a strong orientation towards high technology to meet the challenges of tomorrow, Hindustan Motors has taken up an ambitious modernisation scheme for manufacture of fuel efficient automobiles – both passenger cars and heavy commercial vehicles in technical collaboration with Isuzu Motors Ltd. of Japan

The modernisation scheme is being financed by loans from various State and all India Financial Institutions and banks, foreign currency loan equivalent to Rs.44.42 crores from International Finance Corporation, Washington and issue of Debentures.

This is the first time the company is issuing Debentures to its shareholders. An issue of 33,00,000 14% Secured Redeemable Non-Convertible Debentures of Rs.100 each is being made to the existing ordinary shareholders of the company on Rights basis. A sound and prudent investment opportunity awaits you.

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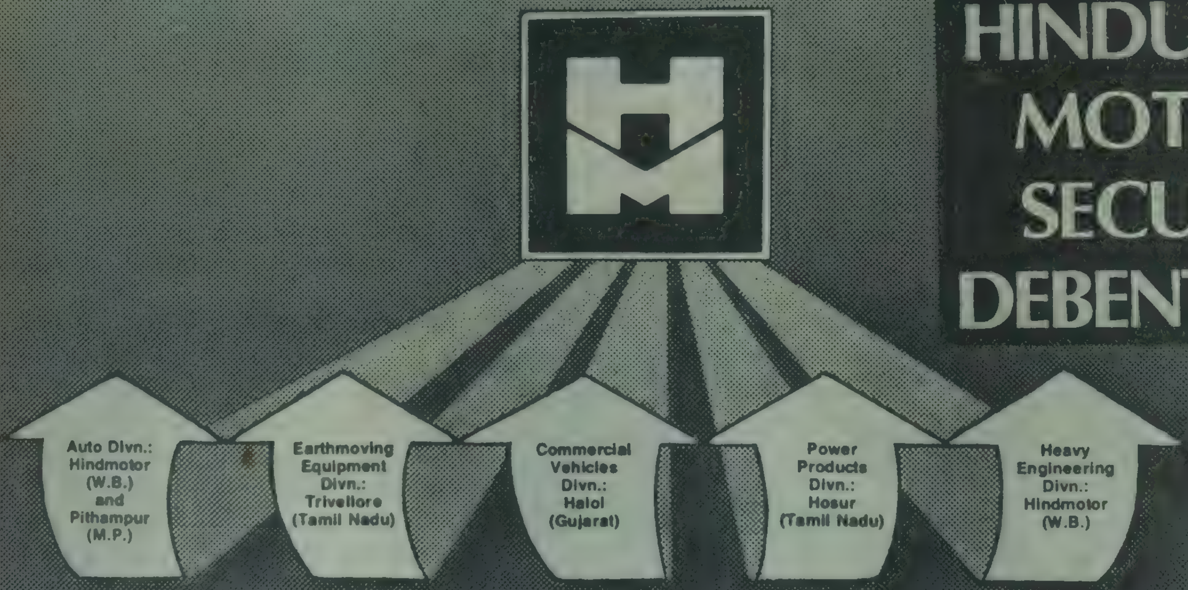
- Guaranteed buy-back at par after one year. Buy-back facilities at Calcutta, Bombay, Delhi & Madras.


Auto Divn.: Hindmotor (W.B.) and Pithampur (M.P.)
Earthmoving Equipment Divn.: Trivellore (Tamil Nadu)
Commercial Vehicles Divn.: Halol (Gujarat)
Power Products Divn.: Hosur (Tamil Nadu)
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HINDUSTAN MOTORS Moving into new technology.

KLOCKNER WINDSOR

Coming of age

Twenty years of relatively sluggish growth have now given way to a better tempo at Klockner Windsor. This is partly because the plastics industry has received a boost but also because the company has earned a reputation as a reliable manufacturer of injection moulding machines

Till may be four years ago, it was just another medium sized company. With sales of just over Rs 11 crores, it wasn't anything to write home about. True it had a financial collaboration with R H Windsor, UK, for making plastics processing machinery, till the latter was taken over by Klockner Ferromatik Desma (KFD) of the Klockner Werke group of companies (West Germany) in September 1982. Even this new alliance with KFD, the world's largest manufacturer of injection moulding machinery (having 12 per cent world share in this segment (see table 1) didn't appear to add significantly to the Indian subsidiary's fortunes. But, as hindsight shows, it was only a matter of time.

Today the sales of Klockner Windsor (I) Ltd at Rs 21.34 crores are almost double the 1983 level. Public interest in this company's scrip has increased causing its market price to zoom from barely around Rs 40 a year ago to over Rs 120 today. This interest could possibly be a result of a belated recognition that Klockner Windsor is after all India's largest manufacturer of plastics processing machinery. Moreover, with the company itself gearing up to more than double its current sales by 1990, both by moving into higher value machines and by setting up manufacturing units in Vatva, which went into commercial production recently, and Ahmedabad (both in Gujarat) in addition to the one at Thane (near Bombay), have only underlined the company's firm resolve to maintain its leadership in the Indian market.

Part of this galvanised growth was a direct outcome of the company's resolve to free itself from FERA restrictions by reducing its foreign held equity to just under 40 per cent. (Another 40 per cent is held by the Indian promoters and balance by the public). The second was, inevitably, the government's own realisation of the tremendous potential that the plastics industry had. Consequently, the concessions announced for this industry in the budget of 1987 which in turn could have persuaded the company's management to expand with the market. As N. K. Shah, the company's managing director (and owner of 7 per cent of its equity), puts it, "By moving out of FERA we could manufacture more machines and also increase the amount of work that could be subcontracted." The latter assumes significance especially in the manufacture of extrusion lines where the manufacture of almost two-thirds of the components is subcontracted. Klockner Windsor finds it more profitable to confine itself to making the critical components like dies and cooling systems.

Belated recognition as India's largest manufacturer of plastic processing machinery

"HOW CEPZ SAVED ME RS.2 CRORE ON 6 MONTHS OF PRODUCTION TIME."

Mr. Deo, Managing Director of Deo Aromatics, a Rs.2 crore company located in the Cochin Export Processing Zone.

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My project was cleared inside 30 days.

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This means, I save over Rs. 5 lakhs in construction costs. Plus about 6 months of production time.

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CEPZ offers you 4,200 sq. metres of built-up space with a breadth of 20 metres and a clearance of 4.28 metres.

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- Inputs exempted from customs and Central Excise duties.
- Total waiver of licensing for import of inputs.
- Liberal sanction of foreign exchange.
- Full reimbursement of Central Sales Tax.
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The State Government incentives include:

- Public Utility Service status under the Industrial Disputes Act, to the Zone units, to maintain smooth industrial relations.
- Single point disposal for all State Government clearances.
- Exemptions from State tax on purchases of inputs from within Kerala.
- 50% subsidy on feasibility studies.
- 15% capital subsidy.

THE EFFICIENCY ADVANTAGE

Now that the CEPZ is fully operational and has been declared a customs bonded area, things are going full steam ahead. In fact, 21 major projects with a total outlay of Rs.38 crore have already been cleared with 30 days being, the average clearing time for each project.

A GOLDEN OPPORTUNITY

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Panampilly Nagar,
Cochin-682 016, Kerala, India.
Telephone: 351465, 366282
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CEPZ
The export advantage

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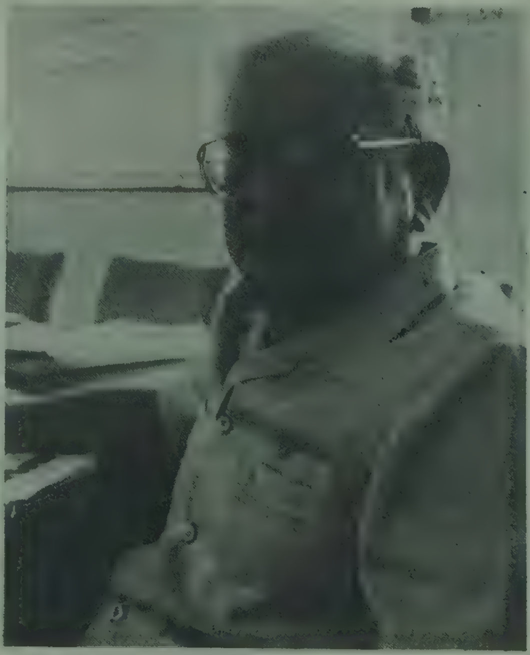
The mainstay of Klockner Windsor's activities however remains injection moulding machinery — the company has a 50 per cent share of the Indian market. "But we do not have a monopoly in this segment," says Shah. "In terms of the number of machines sold, we have a mere 30 per cent share". Similarly in extrusion machines, Klockner Windsor enjoys a 30 per cent share (10 per cent in terms of the number of machines," reminds Shah), and 10 per cent for blow moulding machines.

If the company has now begun showing signs of growth, it isn't as if it wasn't trying earlier. "Till 1985, we were limited on account of limited business opportunities," explains Shah. Major customers like M. P. Taparia of Supreme Industries (the largest manufacturer of industrial plastic goods) and Jayant Chheda of Prince Plastics (a leader in consumer plastic goods like mugs, buckets and trays) confirm this. "Prior to 1984, even consumer industries for plastic products, like those relating to electronics, telecommunications and automobile industries were dormant," says Taparia. "High rates of customs and excise duties compounded by shorage of raw materials for plastic goods only helped make plastic goods expensive and prevented the market from growing," adds Chheda. Naturally enough, with the groth of these consumer industries, and rationalisation of levies, the market for plastic machinery also began to grow.

Another factor inhibiting the growth of the company was a prolonged labour unrest that lasted 16 months from March 1986 to June this year. In spite of this, sales went up by 9.43 per cent and operating income by 13 per cent.

But now with the labour discord settled, this year Shah expects sales to grow by at least 40 per cent over last year's. This will be partly on account of orders worth over Rs 30 crores pending with the company. Another reason is the ending of the labour discord whereby, though labour costs will increase by Rs 30 lakhs a year, production clauses which its workforce has accepted would mean at least 10 per cent more production. Simultaneously, with the Vatva plant coming on stream later this year, Shah is confident to meet the demand for such machines.



Shah: *in resurgent mood*

Table 1

The world's market leaders*

Company	Market share (%)
Klockner Ferromatick Desma	12
Nissai (Plastics)	6
Battenfield	6
Cincinnatti Milacron	6
Toshiba	6

** in respect of injection moulding machines, estimated to account for total sales of DM 5 billion a year.*

Source: Industry estimates

To cope with the increasing demand Klockner Windsor plans setting up yet, another manufacturing unit near Ahmedabad to make upto 200 injection moulding machines. "The design and layout of this factory will be based on the experience of KFD and will involve a capital outlay of approximately Rs 5 crores, and should contribute between Rs 15-20 crores a year to the company's turnover," says Shah.

This expansion on dual fronts at Vatwa, which began commercial production recently, and at Ahmedabad has made competitors raise eyebrows. "Isn't Klockner Windsor trying to grow too fast?" asks one such manufacturer. The surprise stems from the awareness that engineering companies, especially machinery manufacturing companies have to plan growth more carefully than say plastic or textile product manufacturing companies. Unlike the latter there is usually no sudden spurt in sales. This is because of the enormous emphasis that needs to be laid on precision engineering designs.

But Shah denies that such plans are anything out of the ordinary. He points out for instance that the only way for machinery manufacturing companies to grow in India is by expanding capacity. "Unlike as in developed markets, where there are increasing revenues generated from sale of spares, such a possibility does not exist to a great extent in India," explains Shah. This is because of two factors. Most machinery manufacturers in India do not supply machines with a built in obsolescence as is done in many developed markets. This, in effect, reduces the potential for selling either new machines or even spares. Secondly, given the Indians' penchant for slogging out machines and carrying out repairs themselves, such a market never really opened up for companies in India. In fact, as market sources point out, the very fact that old machines manufactured by Klockner Windsor between 1964 and 1970 get resold even today at prices significantly higher than their original prices, only highlights the durability of such machines. This in turn restricted growth of the company's sales.

Moreover, as he explains, none of this expansion has been at the cost of existing manufacturing capabilities. "We have not diluted our strength in engineering," says he. "Of the 613 employees — of which 120 are at Vatva — 200 are qualified engineers, and around 150 are trainees and apprentices." Adds Madhav Joshi, company secretary, Klockner Windsor, "All personnel at the Vatva unit are fresh recruits who have been *inducted* into our work culture. Not one is the result of transfers from our Thane factory as doing so would have affected the work culture at the mother unit."

Informed sources also justify the company's plans to expand at this pace. "The plastics industry is growing at a rapid pace. Unless established machine making unit do not cater to this need, they stand to lose out in the long run," says one such source. That KFD, its largest shareholder has ratified these plans of the company, only lend greater credibility to Shah's move.

"KFD has approved the capital expenditure we plan incurring on these projects," admits Shah. This approval, says industry sources, could be on account of several reasons. One could be the increasing confidence the three German directors (of seven members of Klockner Windsor's board) have in the Indian venture's capabilities. That is

Table 2

Klockner Windsor: rapid growth

(Rs crores)

Year ended 31 Dec	1983	1985	1986
Gross sales	11.57	19.79	22.13
Operating profit	2.04	3.08	3.48
Pre-tax profit	0.93	1.10	0.67
Share capital	1.29	2.12	3.00
Reserves	1.79	1.99	3.79
Loans	2.11	1.72	4.20
Fixed assets	1.95	4.17	5.56

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With rapid growth, the share price has tripled in a year

evident from the way the German group has approved expenditure on the Ahmedabad project even before the Vatva unit has begun giving results. Another could be the excellent financial performance of Klockner Windsor, which compares very favourably with those of any of KFD's subsidiaries all over the world, making the German company's return on investment in the Indian venture worth the risk. In addition, the Indian affiliate's exports have also been impressive, and its export prices 20-25 per cent cheaper than those of the parent company for machines having similar specifications. That the German company should now seek to develop the Indian partners thus makes immense sense.

Shah in a way confirms all this. "Our exports should reach an all time high of Rs 3 crores this year, crossing even our previous record of Rs 1.16 crores in the early eighties. In fact, if industry sources are to be believed, KFD has even begun seriously considering the possibility of making this company an export base to south east asian countries to which India enjoys proximity. If this does materialise, the strategic significance of Klockner Windsor could increase tremendously.

As things stand 60 per cent of Kockner Windsor's business relates to technologies passed on by its German parent, most of it in injection moulding machines ranging from very small machines upto 800 tonne capacity machines. (The rest of the machines are developed by Klockner Windsor's R&D lab which is acknowledged to be among the best labs that plastics machinery manufacturers have in India).

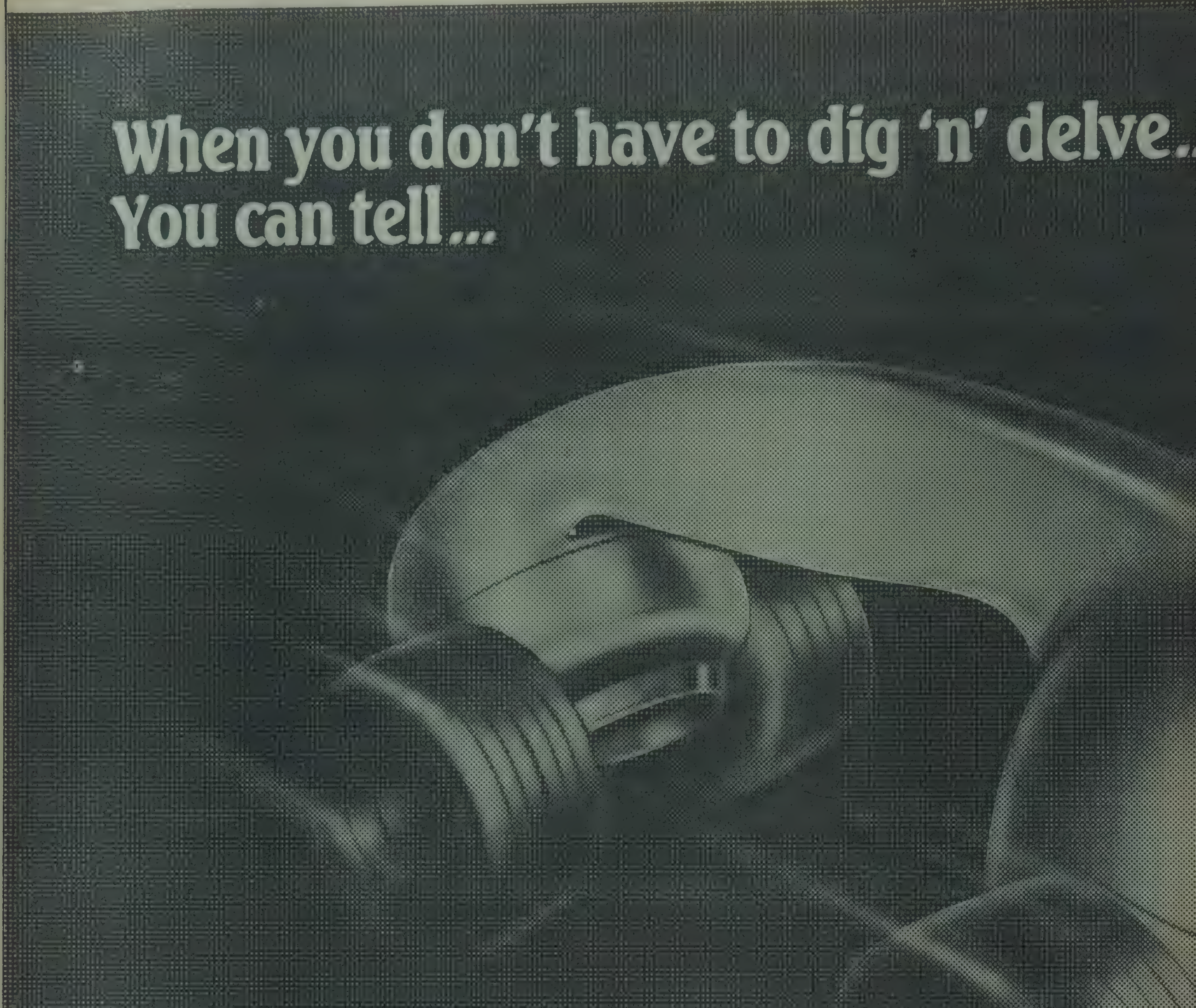
"We are now planning to introduce small machines to cater to the needs of small entrepreneurs" says Shah. Another diversification being planned is introducing sophisticated shoe moulding machines capable of making uppers and soles together by mid 1988. Company sources say that their surveys indicate a market potential for 36 such machines a year (each valued at Rs 6-10 lakhs). "Even in the case of these sophisticated shoemaking machines, only 20 per cent will form the imported component, the rest made and adapted to Indian conditions by our R&D and production teams," adds Shah.

Not that the going will be easy for Klockner Windsor. Though there is little fear of competition from imports, as machines having capacities of upto 800 tonnes (which Klockner Windsor makes) are not allowed to be imported, competition from within India is rearing its head. True, there is little competition for Klockner Windsor in respect of injection moulding machines. Even the bigger rivals like HMT, SLM Maneklal and Engle India, say industry sources, cannot match Klockner Windsor's machines.

But in extrusion lines, the competition is bound to be stiff especially from Kabra Extrusion (Kolsite) which has a collaboration with Battenfield of West Germany, reported to be one of the best manufacturers of such machines. The same is true for blow moulding machines too where SLM Maneklal and Engel India Industries have a major presence. How Klockner Windsor meets their challenge in the coming years remains to be seen.

At the company, however, a mood of resurgence prevails, heightened by an awareness that this year it will complete 25 years of its existence. What kind of future it carves for itself in the next quarter century will be interesting to observe.

R. N. BHASKAR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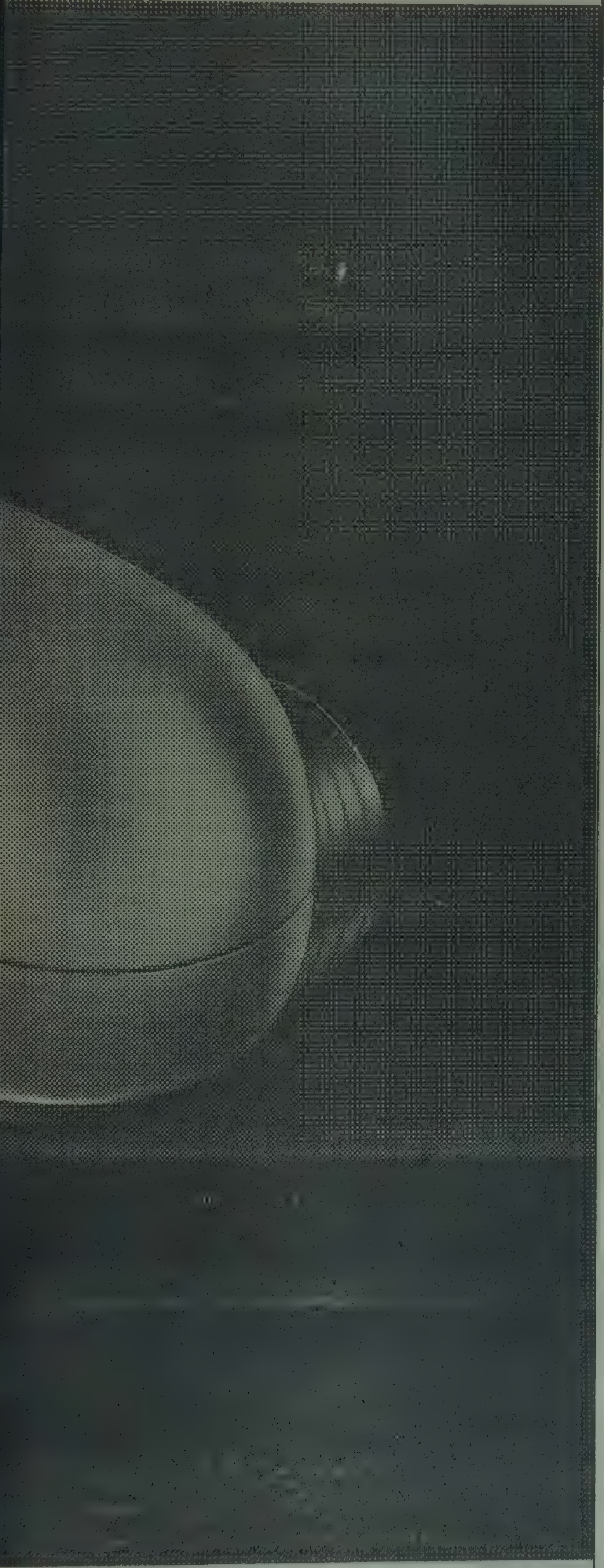

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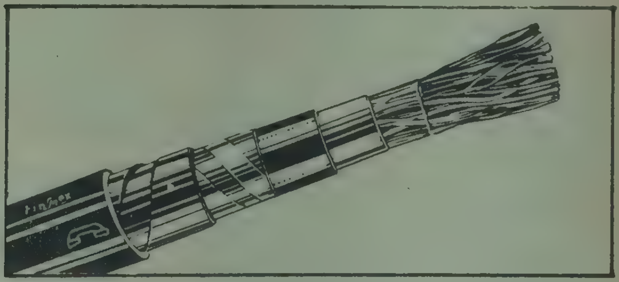

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Imageads/ICFAI

ANDHRA PRADESH

Power tariff hike unnerves industry

Industries here are sore with the Andhra Pradesh State Electricity Board (APSEB) for dealing them the twin blow of a power cut followed by a power tariff hike. Industry sources have criticised both these steps as being extremely harsh and have voiced serious apprehensions that industrial sickness in the state will now become endemic.

Untimely move. The state units of the All India Manufacturers' Organisation (AIMO), the Confederation of Engineering Industry (CEI) and the Federation of Andhra Pradesh Chambers of Commerce and Industry have condemned the power tariff hike, particularly as it comes at a time when many major industries are reeling under the "sudden and unexpected" power cut (in some cases as high as 60 per cent) imposed in mid-April.

The Federation of AP Chambers has claimed that the recent hike in power tariffs, effective from 15 July, represents an increase ranging from 51 per cent to 81.4 per cent. It also charges that several units might have to be closed and industrial sickness will spread.

For high tension industrial consumers, the tariff has been hiked from 48 paise to 72 paise per unit. Besides, the fuel charges for this category have been raised from Rs 30 per kva per month to Rs 36. For high tension-II consumers (50 kva and above), the hike in fuel charges is the same as for HT-I but the tariff has been raised from 56 paise to 80 paise per unit.

Power intensive industries will now have to pay 83 paise per unit (almost twice as much as the earlier 45 paise per unit) without reference to maximum demand. For low tension-II (industrial) consumers, the rate has been hiked from 55 paise to 75 paise per unit. Moreover, the APSEB has changed the definition of HT consumers to include those with a contracted demand up to 50 kva (earlier, only those with a contracted demand above 50 kva were classified as HT consumers). The federation also points out that while the tariff hike itself is steep, certain new terms under the tariffs place even heavier burdens on industry — changes in voltage surcharges, re-definition of LT industry, doubling of HT-II tariffs, energy supplies to townships and residential colonies at higher rates, and so on. Considering all this, the tariff is actually more stringent than is apparent from the rise in rates, and the combined effect on industry is bound to be negative.

Increased liabilities. Many small scale industries have reported that the additional burden placed on them by being categorised as HT consumers will push up their liabilities by way of additional installations and capital expenditure. In the case of one such small scale unit, the conversion to a higher voltage is estimated to push up the power bill fourfold.

From 15 July onwards, SSI units with a contracted load of 50 kva to 70 kva will have to instal transformers of their own, to use power through the HT grid. This will involve additional expenditures of Rs one lakh to Rs 1.5 lakhs. The total investment required by SSI units to convert to HT will amount to Rs 100 crores or more. In that case, many SSI units will have to close shop.

At present, the APSEB has more than 87,000 industrial consumers, both in the HT and LT categories. About 3,100 are HT consumers and the rest are LT consumers. With the change in the definition of HT consumers, the number of industries with HT connections will go up to over 6,000. Of its total income of Rs 600 crores a year, the APSEB gets Rs 400 crores from industrial consumers. It now stands to earn an additional revenue of Rs 98.07 crores from the latest tariff hike. The various categories of consumers, such as domestic, LT-II (non-domestic and commercial), panchayats, municipalities, municipal corporations and general purpose consumers, also have to pay higher tariffs. The only ones to be spared are agricultural consumers and cottage industries.

Costly subsidies. The rates for cottage industries are 35 paise and for agricultural consumers, only 16 paise. Farmers will continue to pay Rs 50 a year for every HP of contracted demand or connected load, whichever is higher. According to one estimate, the actual tariff for agricultural services comes to hardly eight paise a unit. Considering that eight lakh pump sets have power connections now, subsidising power to agriculturists costs crores of rupees.

Estimating that the enhanced tariffs will mean a surplus of as much as Rs 200 crores a year for the APSEB, the Federation of AP chambers deplores the APSEB's action in fleecing industrial consumers to subsidise power to the agricultural sector. "It is unreasonable to shelter the farming sector even from the periodical escalations of costs faced by the APSEB", it says.

The APSEB, however, justifies the power tariff hike which affects as many as 38 lakh consumers (it has a total of 46 lakh consumers). In defence, it says that since the previous hike in January 1984, the cost of inputs and equipment for operation and maintenance of generation, transmission and distribution systems, as well as other costs such as interest rates, salaries and wages and fuel charges have gone up substantially and must be recovered.

SYED AMIN JAFRI

RAJASTHAN

RAJCON falls short

Ten years after the IDBI, IFCI and ICICI formed the Industrial and Technical Consultancy Organisation (ITCOs) in various states to promote the interests of entrepreneurs, the picture is far from satisfactory. Though there are many reasons for this, the most important is the growing influence of vested interests and middlemen.

Large subsidies. Only a few entrepreneurs have used the ITCOs though their consultancy services are almost free. These services, which include preparing the detailed project report, following assistance and promotional support, are heavily subsidised by the sponsoring intitutes. Subsidies, (which in some cases extend up to 100 per cent) are limited to projects with outlays of not more than Rs 10 lakhs.

One disturbing aspect, however, has emerged in the working of these organisations. Their experience suggests that financial institutions are averse to well formulted project reports. Once such an impression is created, both institutions and the loanee entrepreneurs suffer in the long run, as has happened in the case of the Rajasthan Consultancy Organisation Ltd (RAJCON), which came into being in 1978. A RAJCON spokesman says, "Vested interests do not encourge us."

In nine years of existence, the highest turnover RAJCON has managed to notch is a paltry Rs 13.88 lakhs. Last year, it was only Rs 11.98 lakhs. And this too has only been possible because of the project assignments that RAJCON managed to get from the financial institutions. Some of these studies have been sponsored by the IDBI and the Rajasthan State Industrial Development and Investment Corporation (RIICO). One such study, sponsored by IDBI, was to gauge the impact of industrialisation on the economic development of Alwar district.

RAJCON has grown in size during the last nine years but is today starved of work. In fact, this is the state of most such bodies. Obviously, the other ITCOs working in 16 major states of the country will have to diversify into other areas of activity to justify their existence.

Inquiries made in the Rajasthan Financial Corporation (RFC) reveal that about 99 per cent of the loans it sanctioned to entrepreneurs did not involve RAJCON at all. It has been found that in some cases, entrepreneurs were discouraged from approaching RAJCON for their project reports.

Both the IDBI and IFCI now feel that the financial institutions should insist on project reports prepared by the ITCOs before entertaining any loan applications. But, as K. B. Singh, managing director of RAJCON, says, "the question is: who will bell the cat?"

Changes required. Singh, who has put in nine years of service with RAJCON after a long stint with RFC, seems to be greatly saddened by the developments. The need of the hour is to create what he calls a "consultancy culture." He feels that there is no reason why an industry should turn sick if the project reports are carefully prepared. Besides this, the lack of entrepreneurship among promoters appears to be another major reason for industrial sickness in Rajasthan.

This is why RAJCON has started an entrepreneurship training programme in a big way. More important, training is being imparted to women entrepreneurs. Rekha Bhaiya, an entrepreneur who underwent a six week training course at RAJCON, says, "The industrial orientation imparted during the training has been of great use to me." She now has her own garment factory at Jaipur.

M. P. JAIN

TAMIL NADU

TNSC to make fortified salt

The state owned Tamil Nadu Salt Corporation Ltd (TNSC) is commissioning a unique project shortly. It is going to be the first manufacturer in the country of iron fortified salt (IFS), which is expected to help reduce the prevalence of iron deficiency anaemia.

Anaemia affects 500 million people all over the world. In India 40 per cent of the entire population is anaemic, with an incidence of 40 to 60 per cent among pre-school children and 25 to 30 per cent among women of child-bearing age. And almost 50 per cent of pregnant women in the third trimester of pregnancy have levels of haemoglobin that are indicative of anaemia.

Alarming figures. In some pockets it is particularly alarming. A survey conducted in 1985 by the State Public Health Directorate of Tamil Nadu in the districts of Ramanathapuram and Dharmapuri reveals that 84 per cent of women in the reproductive age group of 18 to 44 years and 87 per cent of pre-school children (0 to 6 years) are anaemic.

To improve the iron balance over a period of time and to help build up iron reserves in the body, the most practical method is to fortify food with iron. The Hyderabad-based National Institute of Nutrition (NIN) and the Food and Nutrition Board (FNB) in New Delhi developed an iron compound which, when added to common salt, does not impart any colour, taste or flavour immediately or after storage or after cooking the food. Pilot studies were undertaken in 1981 in four rural areas near Calcutta, Delhi and Hyderabad and urban Madras, representing different dietary backgrounds and other environmental conditions. The results of the pilot studies showed an improvement in haemoglobin levels and a reduction in the prevalence of anaemia with no untoward side effects.

Although the technology was indigenously developed and the pilot study conclusively proved the effectiveness of IFS no salt manufacturer has been ready to take on the manufacture of IFS. Last year, TNSC decided to take the plunge. UNICEF is contributing about Rs 30 lakhs towards the project which is expected to cost Rs 60 to Rs 70 lakhs in the next five years. The total capacity is 15,000 tonnes of IFS a year, with an initial production of 7,000 tonnes.

TNSC hopes to make a commercial success of the fortified salt project. It already has a captive market as IFS will be distributed for the noon meal scheme in the state and sold to agencies of the social welfare department. Says D. Sridharan, TNSC chairman and managing director, "Although we have not worked out the price structure yet, the IFS price would be less than the iodised salt already available in the market."

Strategic move. Commissioning IFS is part of TNSC's strategy to come out of the red. The corporation was set up in 1974 and went into production in 1977, to manufacture industrial salts. At the time the corporation came into being, the need for industrial salts in the country was growing, as basic chemicals like soda ash and caustic soda were experiencing a boom because of restricted imports.

It thus seemed a good idea to set up the corporation in the particularly backward district of Ramanathapuram which has no industrial employment and minimum agricultural activity. The district has a long coastal line and has good working conditions for setting up salt farms. The initial investment was Rs 1.45 crores. TNSC extended its operations to Tanjavur district about four years ago at a cost of Rs 1.20 crores.

After the initial teething troubles, TNSC has been consistently increasing production and improving productivity. In 1977, the corporation produced 3,400 tonnes of salt. By 1986 production had risen to 55,175 tonnes. More land was brought under salt farming. The yield per hectare, which was a disheartening 10.96 in 1977, increased to 136.06 in 1986. Although 1986 was an exceptional year with drought conditions leading to a long working season, it can't be denied that TNSC has registered impressive growth as far as salt production is concerned.

However, this growth is not reflected in the balance sheet. The cumulative losses of TNSC is Rs 2.22 crores. There are many reasons for this poor performance. The soda ash and caustic soda industries, the major customers of TNSC, have been in the doldrums. The total production of salt in the country increased from 7.5 to 10 million tonnes in the last three years. Edible salt consumption has remained static at 4.1 million tonnes. The industrial grade salt consumption has registered hardly any increase and hovers around 3 million tonnes. Salt stocks have piled up. The export market has also not come to the rescue. Exports, which touched an all-time high of 487,000 tonnes in 1983 have been steadily falling and in 1986 it was 460,000 tonnes.

Easy time. Under the circumstances, TNSC has not been having an easy time. The corporation also has an additional problem. It faces a big freight disadvantage compared to the salt manufacturers of Tuticorin. It has a handicap of Rs 25 per tonne for transport to locations like Madras, and places in Kerala and AP.

Says Sridharan, "The main aim of TNSC was to provide employment to people who for nine months in a year have no other avenues for gainful occupation. This has been achieved and about 3,000 people are directly or indirectly employed. But that does not mean that we do not want to wipe out our losses."

Although Sridharan is confident that IFS production can be a viable commercial proposition, he concedes that the government will have to extend subsidies for promotional campaigns and other marketing expenses. The freight disadvantage also can be overcome only by subsidised freight rates. Although the corporation is making efforts to effect a turnaround, this is not going to be possible without a lot of help.

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The spectre of overtime

Prior to the formation of the International Labour Organisation (ILO), before the first world war, working conditions were most unsatisfactory and even inhuman in a large number of industries all over the globe. Exploitation of labour was rampant. This manifested itself in several ways like non-payment of even the minimum subsistence wages, extended working hours of upto 12 to 14 hours a day, unhygenic and unsafe work conditions, etc. After the formation of the ILO, however, many countries adopted several resolutions of this august body and passed relevant legislations regulating the conditions of work and allied matters to prevent exploitation.

The concept of overtime was introduced in industry with the noble objective of preventing exploitation of labour. This was sought to be done by stipulating methods for the compensation for extra hours of work and also regulating the same. Sadly though, the concept, which was welfare-oriented, has developed into an anti-labour as well as anti-employer factor in industry due to mismanagement. Overtime has now become a matter of concern in varying degrees to employers worldwide. But, surprisingly, the unions and employees seem to be indifferent to this problem, presumably due to high compensation associated with it.

When a worker puts in extra hours of work, beyond the normal stipulated duty hours, his employer is expected to compensate him with overtime wages. The rate of such wages is higher than the normal rate of wages. This is so, firstly, to compensate the employee, who has to put in special efforts beyond normal hours, and secondly, to make overtime an expensive proposition so that the employer will avoid the same.

While the Factories Act, 1948, stipulates that overtime wages should be twice the normal rate of wages, various state legislations on Shops & Establishments prescribe overtime rates between one-and-a-half times the normal wages (states of Rajasthan, West Bengal etc) to double the normal wages (states of Maharashtra, Tamil Nadu, etc). The law also regulates the various conditions for payments, maximum limits beyond which overtime work is not permissible, different maximum spreadovers, the class of employees who are permitted to work overtime, etc.

In reality, however, it is observed that neither the authorities enforce the provisions strictly, nor do unions object to the extra hours of work since the compensation levels are necessarily higher for overtime. Even employers have begun to look at overtime as a necessary evil and over a period of time have learnt to turn a blind eye towards it. But this does not make the problem disappear; in fact a very strong case exists against overtime.

- Extra hours beyond the normal duty hours, if not contained within reasonable limits, is certainly an anti-labour as well as an anti-social phenomenon. With extra hours put in at the work place, vitally important time normally spent with the family and society is reduced. This becomes all the more critical when both husband and wife are employed and worse when either of them are required to work in shift duties.
- The pattern of expenses arising out of such extra overtime wages earned by the employees does not seem to be improving their standard of living. Instead, this extra income is being spent on gambling, drinking and other vices.
- Overtime work is really a form of disguised employment. Assuming that it is absolutely essential, industry is really suppressing additional employment opportunities by paying double the wages to its existing workforce.
- From the employer's point of view too, overtime is a very expensive way of getting work done. In most cases, overtime has become an organised racket. Employees collude with each other to plan their leave so that overtime becomes essential and more beneficial than absence without pay. Also, employees are known to while away time during normal duty hours, so that they have to stay late to complete unfinished work.
- Not only does industry have to bear huge expenses on overtime wages, but also incur indirect expenses by keeping offices open beyond normal hours at considerable cost. The entire phenomenon is a vicious circle. Just because some clerks are putting in overtime work, managers have to stay on whose drivers earn extra wages on overtime, as do the peons, liftman, pantry staff, etc. Besides, there is also expenditure on electricity, refreshments, extra phone calls, etc.
- In many companies, the employers, in their anxiety to keep the headcount low, employ lesser staff than is actually required. But are employees productive enough after the normal eight hours of work? Besides, if any department or section requires 8 to 10 hours of overtime on most days for genuine work, clearly a case exists to employ an extra person. This extra person will not only be available at half the cost of overtime wages but also be much more productive during normal duty hours.
- Though overtime wages are normally paid only to employees in the workmen cadre and not to the management and supervisory staff, some companies do have methods of compensating extra hours put in by this group. But this is very minimal when compared to overtime wages and it upsets differentials in th compensation pattern. A study of the gros emoluments in four existing companies, a presented in their balance sheets show tha non-managerial cadres are, in the final coun earning more than managerial staff (se Table 1).

To be certain, these companies do not intend to remunerate staff with lower skills an lower levels of responsibilities with higher remuneration than those who are holding highe skills and responsibilities. Intentions aside, th outcome is that overtime is one of the factor which makes non-management staff job more attractive than management staff positions. This results in refusal of promotions an higher responsibilities by the non management staff and industry loses the benefit of skilled experienced personnel in the management group.

Despite these disadvantages, overtime continues to be rampant in several industries. Though such industries do wake up once in a while and come up with drives to curb this menace, the results are effective only in the short-term. Long-term and long-lasting solutions are rarely to be found, and overtime is a problem rarely controlled within reasonable limits. In order to find long-term solutions one will have to go into the roots of the problem. The basic cause of overtime could be found in any one or a combination of the following reasons:

- Faulty or cumbersome procedures and methods adopted at the work place resulting in non-accomplishment of tasks within allotted time frames.
- The incompetence of personnel is also a direct cause of overtime. Over a period of time, as the technological demands increase, jobholders are unable to keep up with the needs of industry and are unable to accomplish results as expected.
- The third reason could be employer centered; where there is genuine understaffing or wrong job profiling, overtime is to be expected. Here, overtime stems from the employer's inability to forecast or will to provide adequate resources such as equipment, men, etc.
- As stated earlier, there are often deliberate attempts by employees to do overtime work in order to earn extra money. The ultimate loser in this game is the industry and in turn the shareholder who owns it.

If one is genuinely interested in overcoming the menace of overtime, it is not impossible. What one needs is a positive attitude and the will to do it firmly and surely. Putting a ban on overtime through an executive order is the easiest solution but certainly not a long lasting one. Once the initial enthusiasm of the management burns itself out, overtime surfaces

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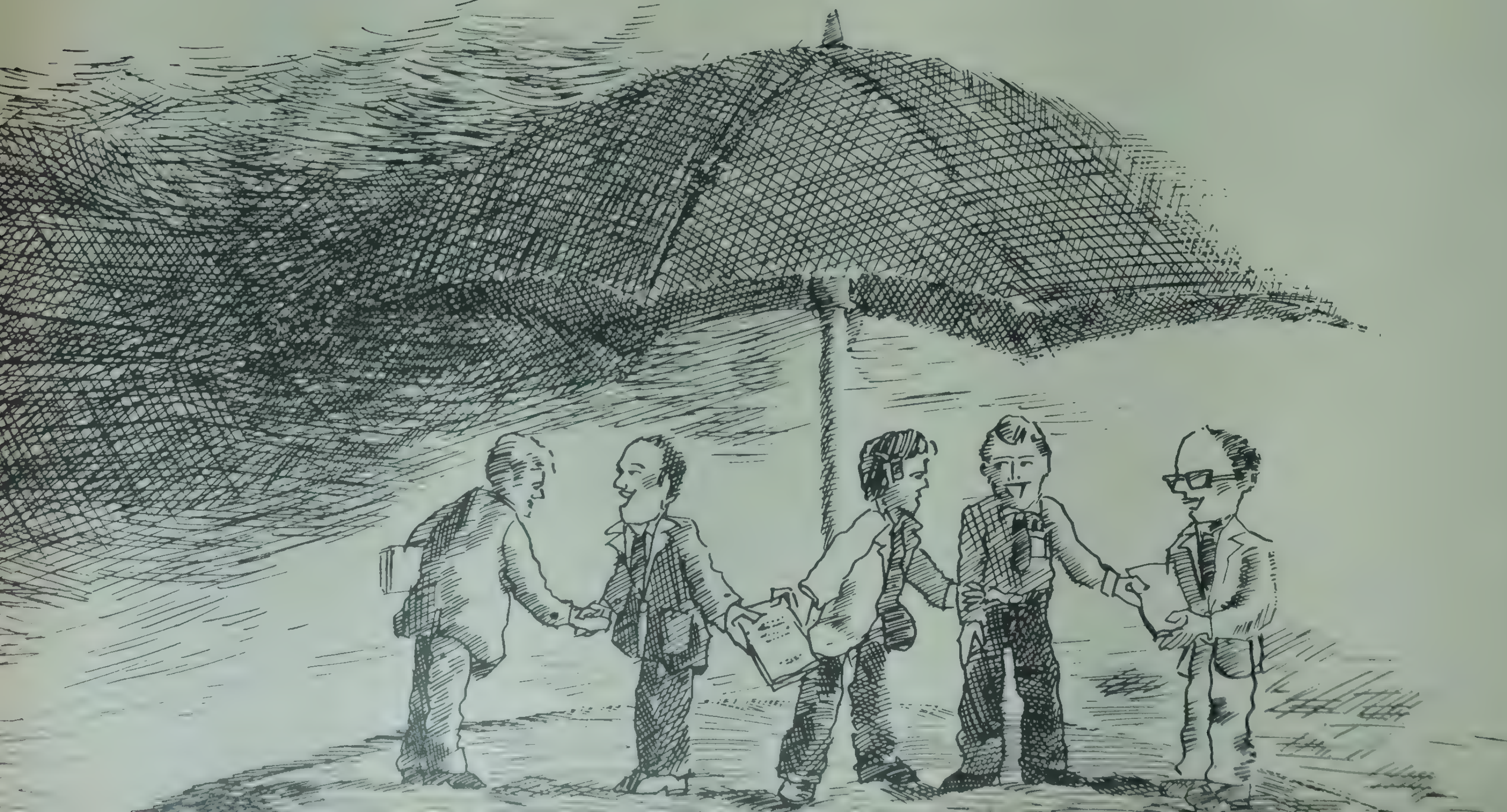

EXIM 1 282

again since the basic issues are not addressed and settled. Similarly, allotment of budgets or quotas for this purpose is not a long-lasting solution since managers have a tendency to operate within budgets by uniformly distributing overtime wages amongst workmen, with or without justification.

There is no single method to contain the spread of overtime. A creative management may adopt several methods, but as mentioned earlier, the most important question is whether the method adopted is attacking the basic cause. A prerequisite for this is correct diagnosis of the problem. For this, one may have to deal with several issues simultaneously.

Firstly, one will have to take a hard look at the methods and procedures adopted in the various departments. Over a period of time, certain practices take a form of law and are followed without questioning. One will have to question each such method and modify, reject or continue with the same as per the diagnosis. This is a difficult but necessary task. Since basic beliefs and values of work methods are under question, it is understandably difficult for people to accept the changes. The corrective steps may involve changes in methods, re-profiling of certain jobs and relocating others, mechanisation of certain areas, etc. Some of the solutions may not have any financial implications while others may.

Secondly, the concept of job enrichment and enlargement needs to be introduced at all levels. These concepts should not be limited to the managerial cadre but need to be brought down to the lowest levels. For example, a driver, after bringing his boss to the office, could be used in the office as a delivery boy or a filing assistant.

Thirdly, time management is absolutely essential for any job. Managers will have to look closely at the way employees handle their time and avoid wastages, if any. For example, a driver could be given extended shifts with larger rest intervals. In such a case, the managers will possibly have to drive their cars in the night beyond the duty of the extended shift driver. Similarly, staggering shifts of personnel wherever required will also minimise the overtime.

Fourthly, one will have to look at the resourcing needs in a rational manner. Adequate resources have to be provided in terms of both men and material. Stagnation of resources only proves to be harmful on a long term basis. One has to stretch the resources to the maximum but certainly not upto the breaking point. Adequate planning for leave covers, off covers, covers for rest pauses, etc, also need to be provided. This, coupled with proper leave planning of staff, will certainly help the improvement of productivity and reduce overtime needs.

Overtime wages and income differentials: tipping the scales

Company	Jobholder's designation	Age	Gross emoluments (in Rs)
A	Clerk	42	84,915
	Stenographer	43	91,756
	Clerk	44	68,160
	Accountant	50	65,308
	Manager, mining	49	86,428
	Foreman	42	68,511
	Draughtsman	42	1,07,660
	Chief storekeeper	40	62,629
B	Typist-cum-accounts asst	46	90,998
	Clerk	45	36,514
	Senior accounts assistant	46	59,432
	Senior clerk	47	88,879
	Deputy manager, purchase	46	63,374
	Service engineer	45	87,442
	Operations engineer	47	71,761
	Senior executive QC	48	49,815
	Manager production control	48	85,005
C	Driver	46	43,361
	Secretary (steno)	40	44,192
	Driver	41	41,983
	Accounts supervisor	44	45,187
	Senior sales officer	41	46,260
	Senior maintenance supervisor	48	49,517
	Senior maintenance assistant	45	53,537
	Senior maintenance assistant	41	61,601
	Master technician	47	44,453
D	Manager, zonal distribution	41	39,248
	Senior clerk	37	37,009
	Senior clerk	31	43,893
	Medical representative	34	37,377
	Peon	33	44,484
	Helper	41	49,874
	Optical checker	41	47,150
	Helper	32	41,767
	Process worker	36	36,129
	Packer	37	37,617

Fifth, and the most important factor, is the support of workmen and their unions. Employees will have to understand that overtime is a social evil which must be avoided wherever possible. The wealth distributed to a handful of persons in the form of overtime wages could be utilised for very meaningful and productive welfare schemes which would benefit a larger section of the workforce in the long term. Every wage contract should be linked to increased productivity. Every increase in salary and remuneration should improve the standard of living in a true sense. To achieve any of these smoothly, both unions and managements have to act jointly.

Overtime cannot be eliminated completely. Emergencies will always exist and certain essential jobs, such as those in the service sector and continuous process industries, will always demand some overtime work. But, an attempt should be made to minimise such exigencies and control the menace that gets beyond reasoning if not managed. Monetary needs will always prevail over other needs but the worker has to draw a line where family and social needs intersect, if not before. The latter, after all are equally important and if neglected can ruin the individual, irrespective of how much money he makes through overtime and other such means.

V. S. PARANJPE

The author is senior manager, personnel and administration, at International Computers Indian Manufacturers Ltd, Bombay.

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BANK SUBSIDIARIES

A whole new ball game

SBI Capital Markets Ltd (SBI Caps), a wholly owned subsidiary of State Bank of India, was inaugurated on 1 August, 1986. In one year, it has assumed significance not only for the State Bank of India but for the nationalised Indian banking industry as a whole — as soon as SBI took the lead in getting permission for a subsidiary, a number of nationalised banks promptly handed in applications to the Reserve Bank of India (RBI) to do the same. Having set up its first subsidiary, the SBI is going ahead with two more — a mutual fund n the form of a trust, and another for housing finance. Always close on the heels of SBI, Canara Bank has promptly asked RBI for both oo.

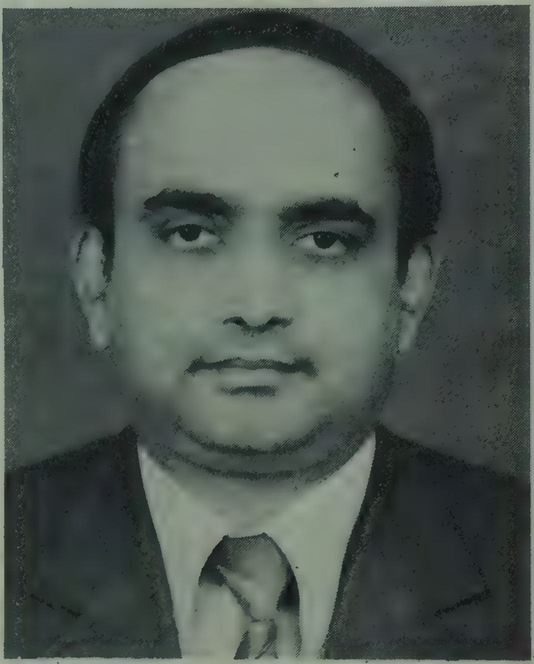
Subsidiaries today seem to be the name of he game, but the tactics change from bank to bank. While some banks like SBI, Canara Bank and the Bank of Baroda (BoB) have decided to play on their own, others like Central Bank and the Bank of India (BoI) are teaming up with public or private sector partners. The approaches and objectives are varied — for SBI, leasing was a "technical point' on which o get clearance for a subsidiary; Canara Bank ooks upon leasing as a potential growth area; he Central Bank is thinking of "infrastructure easing" while BoB wants to popularise its credit card through the subsidiary. BoI is still working on its proposal.

In all, it's been a year of hectic activity. The nauguration of SBI Caps was truly a watershed in Indian banking for one simple eason: for the banks, a new and distinctive oray was being made into the hitherto unexplored and developing capital markets.

The bank's traditional social banking activity was being implemented in such a routine manner that it seldom needed the top management's close attention. Also, profits from conventional lending were under pressure and, for the banks, profitability was becoming a growing concern. It was time to turn to non-fund business, which in recent years has been providing increasing revenue and profits to banks worldwide. Another crucial factor is that, in India, the savings rate and therefore the quantity of lending was evening out. So, the emphasis had to shift to a quicker turnaround or higher velocity of money and there was a rising demand for agents who could marry the supply of money to the demand for it.

Though nationalised banks did have merchant banking divisions to tackle some of the tasks, in the form of loan syndications and issue management, the Banking Regulations Act was too restrictive to take on much more. Also, the existing personnel in banks has been too steeped in traditional banking to take on the aggressive and innovative approach that was required if banks were to play an active role in the development of the Indian capital market. Ideas on "what" could be done had crystallised, but not "how" — till SBI took the lead.

Thus it was that SBI took the plunge and SBI Caps ended its first financial year in June 1987. Having closed accounts with a profit of about Rs 2.5 crores, SBI chairman, D. N. Ghosh, is now willing to discuss the motives and achievements of the new subsidiary, which was really his brainchild. He recounts that when he was appointed in 1985, "it was clear within two to three months that SBI was sound in traditional banking — not an area in which I could contribute more than marginally". He therefore had to think of other ideas if he were to leave his mark.


Ratnakar: taking a detailed approach

Around this time, in 1985, the demands of the Indian corporate world began to change. There was a certain liberalisation, a greater demand from small and medium entrepreneurs for funds, increased non-resident curiosity about investment avenues in India, a small but growing need for corporate counselling, and finally a rising demand for lease finance for both domestic and imported equipment.

By the latter half of the year, Ghosh had identified these as areas where SBI could play a new role; it was also a meeting point for Ghosh's personal ambitions and the institution's future needs. But Ghosh realised that to take up the new activities within the bank, which is "purely procedure driven", would make it a non-starter. The need of the hour was a totally innovative approach which could exist only in a very different environment. He decided to create that environment in a separate entity — a subsidiary.

"Leasing was the technical point which

What subsidiaries are doing

The one year of operation of SBI Capital Markets provides pointers to the kind of business that subsidiaries will be handling.

The work of the merchant banking division of SBI has been transferred to the subsidiary and is till now the mainstay of the new company. Leasing, the new activity taken up by the subsidiary, has begun to gather momentum with Rs 20 crores in gross leased assets today.

According to SBI chairman D. N. Ghosh, ideas on corporate counselling, bought-out deals, project consultancy and venture funds, have crystallised during the year and some ground work has been done towards these businesses.

In concrete terms, three bought-out deals have been engineered, in which SBI Caps is involved to the extent of Rs 2.2 crores. Cases of counselling have been taken up. After R. P. Goenka took the Gramophone Company of India over, SBI Caps worked out the future strategy for the company. The subsidiary has also been approached by Hindustan Shipyard for its financial restructuring.

Projects for which SBI Caps can provide venture capital are being examined but no deal has been finalised. Project profiles prepared by SBI Caps have been circulated among non-resident Indians in the middle-east and have attracted a number of enquiries.

The portfolio investment advisory services have attracted about 25 non-resident clients. Accounts from the parent bank are also being identified for potential investment management.

Although the balance sheet is not yet available, the subsidiary has, according to Ghosh, closed accounts on 30 June with a profit of around Rs 2.5 crores. Once the accounts are published, it will probably be clearer as to how much of the profit came from merchant banking activities (which would have accrued anyway to the erstwhile merchant banking division of SBI) and how much from the new lines of business of SBI Caps.

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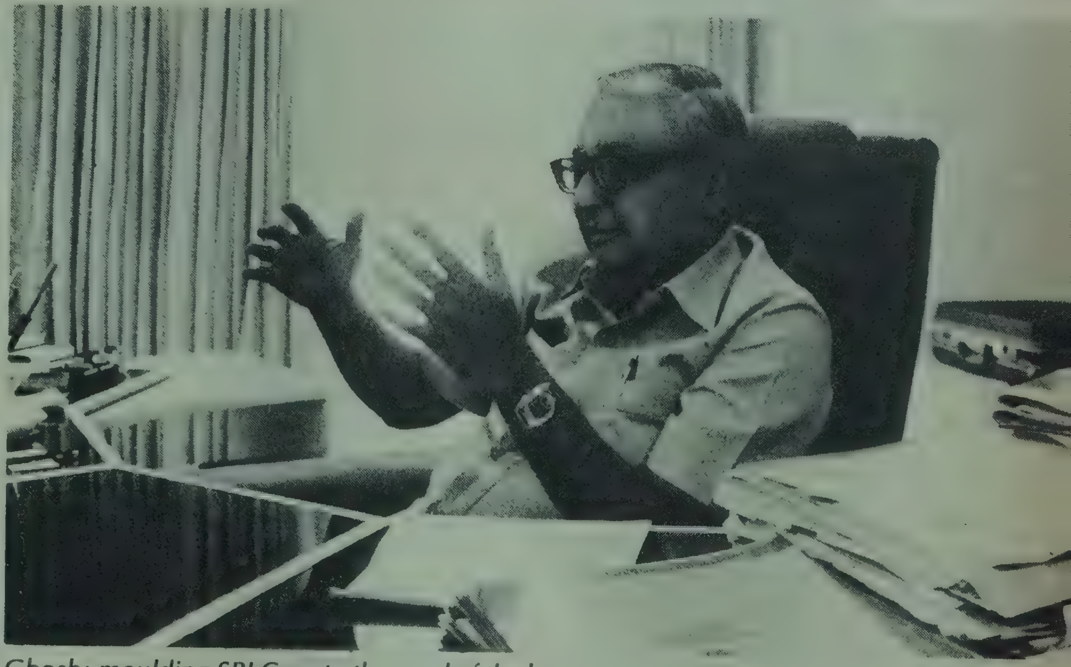
helped me get permission for the subsidiary," Ghosh says. Under the Banking Regulations Act, leasing is an activity which banks are not allowed to undertake. So, when Ghosh applied for government permission for leasing it could only be granted if the business was undertaken by a subsidiary. Thus, what was to be a leasing subsidiary, however, finally took shape as SBI Capital Markets — the name suggesting exactly what the role of the subsidiary would be.

Similarly, B. Ratnakar, chairman of Canara Bank, who had been thinking of a subsidiary called Canbank Leasing, finally launched Canbank Financial Services about two months ago after receiving the requisite government approvals. Ratnakar's promptness in following Ghosh's footsteps points to a clear strategy: since SBI's muscle power is considerably greater than Canara Bank's, Ratnakar waits for SBI to get the necessary clearances. These then serve as precedents for granting similar approvals to Canara Bank.

This pattern is apparent not only in terms of the first subsidiary but also of the two subsequent plans that SBI has announced. One is the launching of a mutual fund for which SBI Caps is the managing trustee. (Canara Bank's application for the same is already with RBI). Then, when SBI announced a housing subsidiary (with equity participation of Rs 1 crore each from SBI Caps and HDFC) to finance housing in the eastern region, Canara Bank also drew up plans for Can Fin Homes Ltd to finance housing in the southern sector.

Identifying the same areas of business, however, is where the similarity ends. While Ghosh provides a macro vision, leaving his juniors to work on the plans, Ratnakar tends to think about the smallest detail. For example, he says, "lease rentals can be brought down by vendor leasing. When the housing subsidiary is on, I can keep the ground floors of certain buildings for Canara Bank's use. In these, we could display equipment for vendor leasing for which we are agents."

The decisions to set up mutual funds become particularly significant when one considers that banks and their subsidiaries have recently been allowed, by a government notification, to become members of stock exchanges. "SBI already sells UTI units through its branches. So, the idea of selling its own units came up," Ghosh says. Hence the launch of a mutual fund. Also, legislation to make bank mutual funds eligible for tax exemption is expected in the current monsoon session of parliament. This would make SBI's or Canara Bank's mutual funds competitive with those of UTI. SBI Caps is first setting up an income oriented fund of Rs 100 crores and later a growth oriented fund of Rs 100 crores. According to Ghosh, returns on the former are expected at around 13 per cent a year. Canara Bank, which is yet to get permission for the mutual fund, has not finalised its plans.



Ghosh: moulding SBI Caps to the need of the hour

If Ghosh and Ratnakar are in their own ways concerned about the growth of their respective newborns, M. N. Goiporia, chairman of Central Bank, who got the clearance for his subsidiary at the same time as Canara Bank, does not seem to be overly excited. In fact, Goiporia still has to refer to a file marked 'Subsidiary' to reveal its paid up capital or debt equity ratio. These will be Rs 10 crores and 10:1, respectively, for the subsidiary to be called General & Infrastructure Leasing Corporation Ltd. Central Bank, unlike SBI or Canara Bank, is tying up with two others — UTI and HDFC — for the subsidiary. Out of the equity of Rs 10 crores, Central Bank will provide 51 per cent, UTI 30 per cent and HDFC 19 per cent. The tie-up, according to Goiporia, is not for any special expertise that UTI or HDFC may offer but because Central Bank is the main banker for both UTI and HDFC and has "excellent business relations" with them. The word infrastructure has been chosen in the name, Goiporia says, "to give a feeling of overall perspective".

His views, however, are not exactly echoed by Pradip P. Shah, HDFC general manager. According to Shah, "We were interested in developing infrastructural facilities as an adjunct to housing — in the backward areas which are now being industrialised. Whenever we have financed housing facilities, we have realised the need for related infrastructure such as roadways, sewerage, medical facilities, etc. Our market study shows that, If lease finance was made available, municipal corporations would generate the requisite demand. We are already into leasing, but today our assets leased total less than Rs 3 crores. We were on the lookout for someone with the money and since our development focus found favour with Centra Bank, we decided to join hands."

Another tie-up which has been much talke about in banking circles is the Bank of India' decision to join hands with the Internationa Finance Corporation (IFC), a World Bank affiliate based in Washington, and the private sector 20th Century Finance (TCF) for a leasing venture. However, BoI will have only a 30 pe cent stake in this joint venture and thus no qualify as a subsidiary. Instead, it will come under the "portfolio investment scheme", like the existing SBI tie-up with Sundaram Finance in the south, which also has equity participation of the IFC.

The managers of TCF which will have a 55 per cent stake in the BoI-IFC-TCF venture are hopeful of completing the documentation and getting the necessary clearances from the finance ministry soon. But, according to BoI sources, there is some hitch in the agreement with IFC over the interest payable on the loan amount that the latter will sanction to the company over and above subscribing to 15 per cent of equity. In fact, there has been considerable delay in the actual signing of the agreement between the three and N. S. Parulekar, who retired on 2 August as executive director and acting chairman of the bank, was of the opinion before he left that "it's probably a bit late in the day to think only in terms of leasing". SBI's launch of a mutual fund and plans of a housing subsidiary and Canara Bank's follow up action is probably the reason for Parulekar's rethinking. Now that Parulekar has left and BoI has a new chairman, R. Srinivasan, industry watchers are waiting for the final verdict.

Also pending with the RBI is BoB's application for a subsidiary, the viability report for which has been prepared by S. B. Billimoria & Co, the well known firm of chartered accountants based in Bombay. Like other banks, BoB will pass on the merchant banking business to the subsidiary which will also do leasing business for existing BoB clients.

BoB's subsidiary will be different in that it will take on the bank's existing credit card business. As of now, BoB has 10,000 BOBCARD holders and the business will break even, according to Premjit Singh, chairman of BoB, when the number reaches 20,000. He is also planning tie-ups with international credit card operators whose cards will be honoured by the BoB subsidiary in India. This could mean, Singh hopes, some foreign exchange profits for the subsidiary.

Regarding the marketing strategy that the subsidiary hopes to adopt to double the number of card holders, Rajiv Lal of S. B. Billimoria & Co says, "Personnel will make all the difference." According to Singh, the personnel currently employed at the bank do not have the requisite market orientation. Thus, all new recruitment for the subsidiary will be undertaken with this in mind.

Since this whole business of subsidiaries is still a fledgling one, it is difficult to say exactly how far the subsidiaries will achieve what they have set out to. A major question people ask is: will the demand for the services of these subsidiaries be enough? Since leasing is currently envisaged as the mainstay of the new subsidiaries, before the other activities take off, the demand for leasing will really determine the success of subsidiaries initially. As things stand, this shouldn't be particularly difficult because more and more public sector companies are turning to leasing as a major source of finance. With private sector leasing companies facing a funds crunch, banks, and their subsidiaries will have a definite edge in raising resources required for big ticket leasing. Bank subsidiaries are generally planning an initial equity base of Rs 10 crores. So, with a 10:1 debt equity ratio allowed for leasing companies, the subsidiaries could raise as much as Rs 100 crores. Although private sector leasing companies have not found favour with the investing public, bank subsidiaries can make use of the parent banks' reputations to raise resources.

More than the banks' entry into leasing, however, what has made market watchers suspicious about the increasing role of nationalised banks in capital markets is the RBI's decision to allow banks to operate mutual funds. "In the past, financial institutions have been given directives to buy and sell. Won't similar directives to mutual funds of banking subsidiaries result in excess government control over the stock exchange?" asks V. Sanjay Kumar, director of Synergy Consultants. Although the subsidiaries are outside the purview of the Banking Regulations Act, it is feared that the chairmen who are common to the subsidiaries and the parent banks, may get and give in to orders from Delhi.

Whatever the doubts and questions, however, the subsidiary story has only just begun.

KEYA SARKAR

Credit authorisation

Time for reappraisal

The Reserve Bank of India has taken several steps to liberalise its credit authorisation scheme (CAS). One such measure allows large borrowing units who are judged to be on the 'fast track' — that is, financially sound and efficiently managed — to take loans from their banks without the RBI's prior permission. The lending banks can later report the details of the loan to the RBI.

Obviously, there will not be many such borrowers. But the RBI has also planned other measures intended to benefit those borrowers Not considered to be on the fast track. For instance, the RBI has assured the banks that every proposal they make will be cleared within a month, provided they furnish complete data along with the proposal. In case the RBI has to call for additional information or clarifications, it will let the banks know what it wants within 10 days of receiving the proposal. The banks must provide this additional information within seven days, and the RBI will give its decision 30 days later.

The RBI has warned the banks that if they fail to observe the discipline laid down, their proposals will be treated as lapsed. It has also called upon the managements of banks to draw up similar internal regulations to deal with all loan proposals, even non-CAS proposals that don't require RBI intervention.

Most bankers feel that the new measures are unlikely to work or to make much difference, as they are based on the unrealistic premise that the RBI will not raise some question or require some clarification or the other. Moreover, in their opinion, the period specified by the RBI within which questions must be raised and answered (10 days and seven days respectively) is too short. A senior manager has pointed out that it has taken more than a month for the RBI guidelines to reach the operating offices of many banks because cyclostyling and despatching the papers from head office took time.

Considering that such delays are a routine affair, it is no wonder that most senior bankers have become cynical about the guidelines.

As far as the CAS is concerned, the crux of the issue is: what role does the RBI play in assessing proposals that justifies referral? Should the CAS be continued?

According to the general manager (credit) of a leading nationalised bank, the RBI is merely making half-hearted attempts to deal with the basic issues instead of reviewing the entire scheme and perhaps scrapping it altogether.

If the RBI thinks that commercial banks are not handling inefficient or mismanaged borrowing units properly, the solution, this banker believes, is not for the RBI to substitute its talents and skills for those available in the banks, but to scrutinise the banks' working at another level. This would involve providing clear guidelines to banks on credit portfolio planning, sectoral allocations and so on, backed up by periodic inspections to ensure compliance. What the RBI seems to be doing now, this banker says, is attempting commercial banking on its own.

Yet another senior banker pointed out that the RBI has issued too many lengthy circulars in the last 18 months, which few operating bankers have cared to study, partly because they don't have the time and partly because they feel it is not possible to remember and apply all the RBI guidelines.

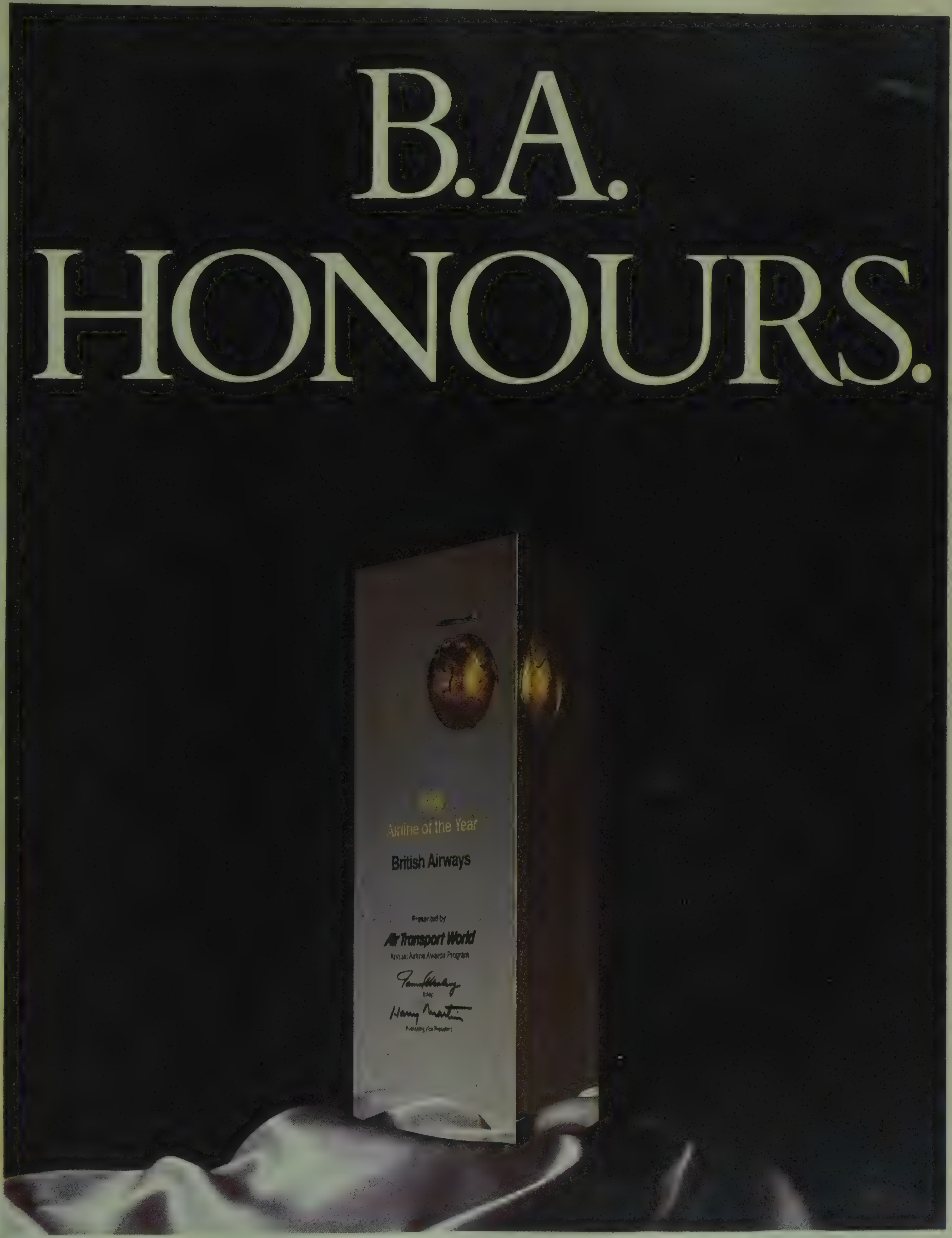
While the criticisms made of the RBI are valid, bankers should not lose sight of an equally relevant issue — the banks themselves, as well as term lending institutions, take unnecessarily long to make decisions about loans. Quite often, these delays contribute to the time and cost overruns in industrial units, which do not receive funds in time. The problems experienced by small scale entrepreneurs, small agriculturists and artisans in getting funds promptly are now only too well known. So whether the loan proposal comes within the purview of the CAS or not, it is not likely to be acted upon quickly. The CAS only adds a bit to the delay.

How can the problem of delay be tackled? One suggestion, made by a professionally well qualified industrialist who is setting up a Rs 3 crore project, is that, to begin with, the Estimates Committee of the Lok Sabha undertake a study of how banks take decisions on loans. The committee could also examine, say, 5,000 loan proposals (made by units of different types and sizes) which have been handled by different banks and financial institutions in the last two years. Such a study would help determine the time taken and the reasons and effects of delays.

Bankers who were told of this idea approved of it, as they are aware of their clients' complaints about unreasonably long delays. But some also pointed out that the major cause of delay is the borrowers' lack of expertise in attending to financial matters, and their tendency to misuse institutional finance.

With genuine problems and complaints on both sides, it does seem that an impartial study by a high-power committee would be helpful.

OUR BANKING CORRESPONDENT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VENTURE CAPITAL

Creating the incentives

The first venture capital investment by a financial institution in Indian industry was made in March when ICICI granted Rs 90 lakhs to a Bangalore based computer company. **N. J. Jhaveri,** *general manager, ICICI, in charge of the new cell on venture capital, discusses the concept and its applications in India.*

Over the years, industrial financing has become an area of exotic financial instruments, high technology and innovations. Among these, the concept of venture capital is not new. According to a study titled *Venture Capital in Information Technology,* prepared by the Organisation for Economic Cooperation and Development in 1985, "The founding fathers of US venture capitalism are generally considered to be either the Rockefeller family which started a special fund (Venrock) in the 1950s, to finance the formation of new technology companies, or General Georges Doriot, a French national, who set up American Research and Development (ARD) in 1946 at MIT to finance the promotion of advanced technology developed in the major US universities."

However, only over the last decade has venture capital attracted greater attention, especially in the US. Three reasons could be put forward for the growth of venture capital financing.

First, the rates of capital gains tax in the US have been substantially reduced. This has made it possible for a venture capitalist to earn a high return at the time of disinvestment, or 'exit', commensurate with the high risk that he takes in putting up finances for an unproved product or process. Secondly, the opportunities for commercialising new and high technology have increased manifold over the last few years. This is the result of rapid development in high technology industries such as telecommunications, information processing and biotechnology. Thirdly, and as a corollary to the second point, with increasing technolgical obsolescence, product life has shortened. This has led to an overall increase in the demand for newer technologies. In sum, the technology market has widened and the need for venture capital as a financial input has increased tremendously

Typically, a person looking for venture capital would be a beginning entrepreneur who is a technocrat or scientist with a vision but limited resources of his own. He would not be in a position to offer any assurance of success as his idea would require a lot of research before it could be developed and commercially exploited. The idea may not turn out to be the technological advance that it initially seemed. Also, as often happens in scientific research, of all the scientists working on similar lines, only the one who makes it first to the market will reap the maximum benefit from his research. The others would have to be content with much smaller returns. If the project falls through for any of these or other reasons, all development costs incurred would naturally have to be written off. These are risks that a venture capitalist takes in financing an unproven project.

It also explains why it is important that the venture capitalist must have an opportunity to realise high values, even exploitative ones if need be, to commercialise technology successfully. This is the crux of the matter. He would only realise his fair return, keeping in mind the above, provided that:

- the research effort being funded results in a major breakthrough and hence can be priced high and, in turn, the products/services produced with the help of the technology developed would enable amortisation of the high cost in a profitable manner; and
- exit routes — ie, disinvestment opportunities for the venture capitalist after successful commercialisation of the technology — provide for sufficiently high realisation for the venture capital investment to compensate for the high risk of failure. Profitable exit routes are important to the venture capitalist as he must plough back a large portion of profits and appreciated capital into other ventures.

Typically, a person looking for venture capital would be a beginning entrepreneur who is a technocrat or scientist with a vision but limited resources of his own. He would not be in a position to offer any assurance of success as his idea would require a lot of research before it could be developed and commercially exploited

Venture capital activity so far has flourished only in the developed nations of the West. This is because the governments in many of these countries have taken steps to encourage private venture capital as a mode of financing technology development efforts made by individuals and small firms with limited financial resources of their own.

In India, over the last five to seven years, there has been an unprecedented surge in the development and assimilation of high technology in many industries. These include telecommunications, electronics, and information processing, including computer peripherals and software. However, there is a basic difference between the technology scenario as it exists in India and the developed countries.

What is termed 'new' technology in India is often the import of by and large commercially proven and hence less risky technology. Further, the pace of technological progress in India, given its relatively small market, is likely to be much slower than that in the developed world. Hence, the classical case for venture capital funding has limited applications here. Nevertheless, there will be many opportunities for financing technology-related risks.

'Seed capital' or 'risk capital' schemes, as they are understood in India, are not the same as venture capital. The primary purpose of the former is to help technocrat-entrepreneurs setting up manufacturing activities to meet their 'promoter's contribution'. In the Indian context, seed capital often takes the form of 'gap-filling' risk capital support. This is distinctly different from technology-related risk capital. Similarly, business risks, which any investor in equity assumes while investing in a project promoted by a new entrepreneur (managerial risk) or in respect of a new product (commercial risk), are distinct from the risks assumed via venture capital.

In the Indian context, a venture capitalist could play a useful role in undertaking the following (illustrative) technology risks.

- Technology that has been developed on a pilot scale but whose commercialisation has not been proved.
- Technology that has been proved in some end-uses and is being developed for new applications. This may require adapting, modifying and packaging the technology.
- As regards seed capital in service industries (for example, software, specialised consultancy firms and equipment maintenance companies) there is often inadequate tangible security. Thus, the availability of finance in any form, including loans, becomes a problem. Some of these cases may be good candidates for venture capital finance in the Indian context.

There are, however, certain problems in structuring venture capital proposals in India. For one thing, some of these cases, typically in the service sector, are likely to be small-sized operations. Thus, if the venture capitalist were to insist on equity investment, he would probably swamp the technocrat-entrepreneur. Innovative approaches will be required to enable a venture capitalist to earn his 'high' reward and at the same time ensure that the technocrat-entrepreneur retains a substantial part of the profits. At the same time, since equity is not likely to be a feasible form of funding in small-sized ventures, liberal profit-sharing by the venture capitalist may have to be allowed. The existing provisions under the Companies Act may have to be modified to permit this.

As regards medium-sized companies, where venture capitalists may be in a position to take a strong equity position, some thought may have to be given to the exit routes — mainly to pricing and capital gains tax. Some of the possible measures are: identifying activities in broad terms that can be brought under the purview of venture capital investment; totally exempting tax on capital gains realised by recognised venture capitalists; permitting liberal set-offs in case of capital losses; and granting total tax exemption on the initial investment by a venture capitalist. One or more of these fiscal concessions may be considered.

As regards pricing — not confined to the sale of shares of a successful venture but also in respect of other shares — it is important to develop a mechanism to enforce proper exit prices. It is hoped that an unlisted securities market as in the developed countries will develop where agencies such as investment banking firms could play a role in bought-out deals. Organised and institutionalised agencies can bring about the sophistication and credibility needed to the capital market through proper interaction of marketing and pricing of issues based on detailed information and its evaluation.

By the very nature of venture capital, the venture capitalist has to be an integral part of the venture rather than a passive financier. Since he has put up most of the money, it can be expected that the venture capitalist will have a majority holding

There are, however, two other barriers, psychological in nature, which may have to be overcome. A typical characteristic of Indian management is to have their cake and eat it too. Often, there is a credibility gap between lenders/financiers and borrowers. By the very nature of venture capital, the venture capitalist has to be an integral part of the venture rather than a passive financier. Since he has put up most of the money, it can be expected that the venture capitalist will have a majority holding. And by virtue of his large stake, it is only to be expected that he would want to have a say in management. Venture capital can succeed only if it is based on mutual confidence and clear appreciation of the partnership role.

In conclusion, and in view of the ongoing process of technological upgradation in Indian industry and the emergence of high technology industries, there is considerable scope for technology-related risk finance. Institutionalisation of finance for such opportunities in the form of venture capital would, therefore, go a long way in accelerating this process. The resources exist, but the fiscal incentives to make venture capital investment a commercial risk worth taking must either be created, or if they already exist, highlighted and improved.

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NATIONAL COMMISSION ON URBANISATION

A modest beginning

The National Commission on Urbanisation has been at work for nearly two years now. Its first interim report, released early this year, was a disappointment. Much hope is now being invested in the second report, which will concentrate on the crucial subject of housing the country's vast urban population

n 1985, when the going was still good, and his desire to give the country's development a new direction was still fresh, Rajiv Gandhi constituted the National Commission on Urbanisation. As he was doing in the areas of economy, industry, education etc, the prime minister was taking a fresh look at existing government policies and priorities concerning the nation's 558 towns and cities. The issue of urbanisation, which had been overlooked for decades, was suddenly propelled into the spotlight. An integrated urban policy seemed to be on its way.

The exercise no doubt was long overdue. Nearly a third of the country's 165 million city dwellers live on pavements. More than half of the population of both Bombay and Delhi live in slums and squatter settlements and the scenario is worsening by the day. At around four per cent, the growth rate of the urban population is twice the national average. According to latest projections, by the turn of the century India will boast of the largest urban population in the world. Four of its metros, Bombay (17 million), Calcutta (16 million), Delhi (12 million), and Madras (14 million) will feature among the 20 most populated cities in the world.

The country's economy has never been so dependent on urban centres. Nearly 60 per cent of the national income now comes from industries and services, almost all of which are concentrated in the cities and towns. The share of agricultural earnings in the national exchequer dropped from a high of 60 per cent in the fifties to 41 per cent in 1981. Consequently, despite our labour intensive farming methods, the capacity of agriculture to absorb the normal demographic accretion to the main workforce declined from 72 per cent in 1971 to 68 per cent in 1981 and will probably fall to about 64 per cent by 1991.

The message that emerges from these ominious details is stark. Drastic measures need to be initiated soon to salvage and preserve whatever is possible, even at this woefully late stage.

The problems are multi-layered and their solutions complex. The issues are very many, and the government's terms of reference for the NCU cover most of these: examining the present state of urbanisation in the country, with reference to the demographic, economic, infrastructural, environmental, physical shelter, energy, communication, land, aesthetic and cultural aspects; identifying priority areas to estimate resources and make projections of future needs, recommending basic guidelines for a specific action plan in each of the identified priority areas.

The government assigned the task to experts who are not the usual bureaucratic types. They are all professionals with varied and long experience in various aspects of urbanisation: Charles Correa, Mahesh Buch, Amit Jyoti Sen,

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Which Company has ploughed back Rs. 35 crores of its profits and whose Gross Profits have jumped from Rs. 1.27 crores to Rs. 17.75 crores in just 5 years?

Which Group, if any, has succeeded in floating a textile concern as successful as Vareli Textile Industries Ltd. in just 7 years? And whose Issue last November, was oversubscribed 140 times, while its proposed dividend is as high as 22%?

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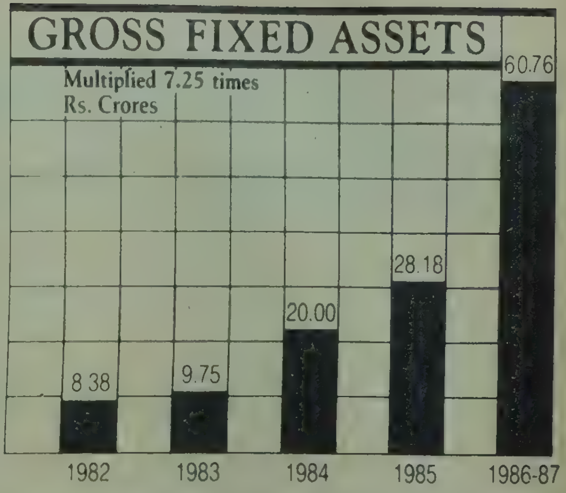
INDIAN PUBLIC:
SEPTEMBER 7, 1987

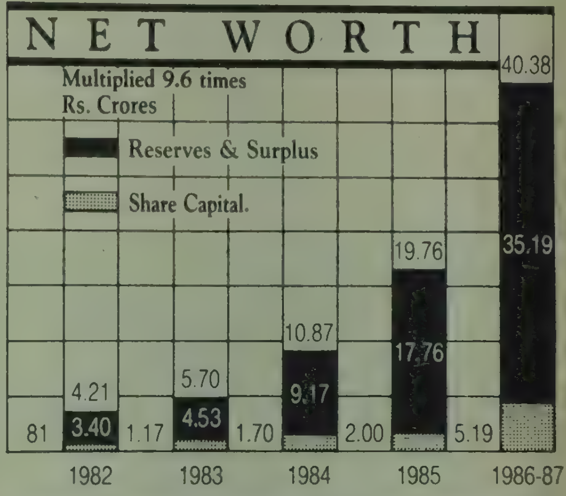
HIGHLIGHTS

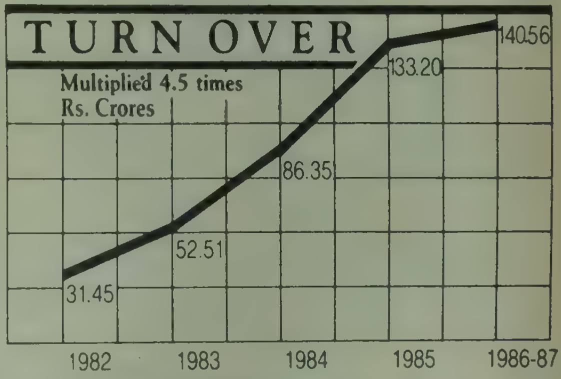
- Assured Dividend of 25% on Equity Shares for the year 1987-88.
- Accumulated Free Reserves of the Company amounted to Rs.32.85 crores as on 31st March, 1987 (after adjustment for Bonus Issue).
- Earning of Rs.21.29 per share of Rs.10 each for the year 1986-87 (after adjustment for Bonus Shares).
- Gross Block increased from Rs.8.38 crores at the end of 1982 to Rs.60.76 crores as on 31st March, 1987.
- Rs.85 out of a Debenture of Rs.185 will be converted into one Equity Share of Rs.10 at a premium of Rs.75 per share at the close of business on 31st March, 1988.
- Facility to small investors for consolidation and sale of their odd lot shareholdings.
- Unsuccessful applicants are offered the option to transfer their Equity Share application money to Debenture application money.
- Major expansion-cum-modernisation project under implementation.
- Listing of Equity Shares and Convertible Debentures on Ahmedabad, Bangalore, Bombay, Calcutta, Delhi and Madras Stock Exchanges.

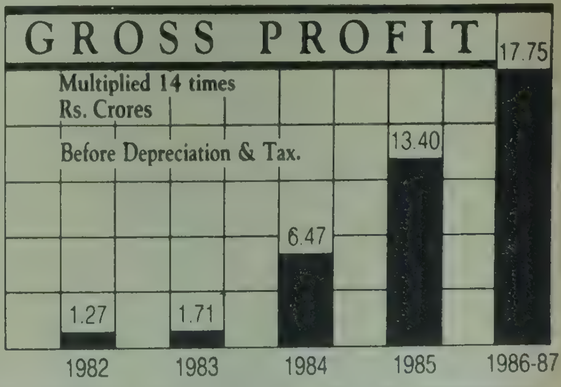
As on 31.3.87	Vareli Textile Industries Ltd.	Garden Silk Mills Ltd.
Net Worth	Rs. 18.19 cr.	Rs. 40.38 cr.
Book value	Rs. 25.23	Rs. 53.55*
Profit after tax	Rs. 5.64 cr.	Rs. 16.05 cr.
Earning per share	Rs. 7.82	Rs. 21.29*
Market price as on 13th July 1987**	Rs. 102.00	!
Price earning ratio	13.04	!

* After adjustment for Bonus Issue.
** As quoted on Bombay Stock Exchange









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HI-RS-1-87

Shirish Patel, B. G. Fernandes, Kirtee Shah, Xerxes Desai, V. K. Phatak and Rashmi Mayur. Patel and Mayur quit in the early part of the commission's tenure and have now been replaced by Cyrus Guzder and Ashish Bose.

But despite its high profile composition, the commission's first interim report, released early this year, was a disappointment. The document consisted of three sections: an overview on urbanisation; a section on legal constraints on urban development; and a section on the four largest cities. Of these, the first is essentially a recounting of facts relating to the problems of urbanisation in the country. It provides details of the new growth pattern in the cities and towns and takes a cursory glance at issues like the urban poor, shelter and quality of life. The third section draws into sharp focus some of the problems that plague the country's largest cities — Bombay, Delhi, Calcutta and Madras.

However, the second section, on legal constraints on urban development, is something of a letdown. Ideally, this should have been the most important component of the report since it deals with two pressing urban issues: the Urban Land Ceiling Act and the Rent Control Act. But in the part on the ULC Act especially, which has all but frozen the development of housing in the country's largest metropolises, the report does not go beyond a statistical review of its failure. It glosses over the reasons for the failure and then presents a formula for its success, which in the present circumstances is a doubtful proposition.

The ULC Act was a subject of acrimonious debate throughout the commission's nine meetings in the first year. Members were sharply divided in their opinion over the reasons for its failure. One group, led by Charles Correa, felt that the Act should be scrapped; that it was against human nature, against market forces and against the way people want to hold land, and therefore unworkable. A rival group, led by Kirtee Shah, argued that there was nothing wrong with the Act *per se*. Its failure was guaranteed by the vested interests of the wealthy landowners and their liaison with some politicians in power. And it was the state government's lack of will and drive that had made the Act so ineffective.

Finally, the two groups arrived at a consensus that the ULC Act should be retained. However, it felt that the landowners should be discouraged from keeping their property undeveloped through a disincentive scheme that would subject all surplus urban land to a special cess. In the first five years, this would vary from Rs 3 a square metre for D category towns to Rs 50 a square metre for A category cities. The landowner would cease paying the cess on completing construction equivalent to at least 50 per cent of his FSI. And if the land was not developed within the prescribed five years, it would either be confiscated by the state, or the landowner would be penalised to the extent of 100 times his yearly cess.

It is estimated that out of about 166,000 hectares of vacant urban land in the country that come under the ULC's purview, as much as 123,000 hectares are lying undeveloped. The commission's contention is that even if the government was to collect Rs 5 per square metre as cess on this land, it would be possible to net about Rs 600 crores annually. This money could be used to create a shelter fund to help construct houses for the poor. So the commission claims that not only will this scheme accelerate land development but also make substantial funds available for housing the weaker sections.

A well-meaning recommendation, but a highly ambitious one. After all, in the 10 years since the ULC Act became effective, only about 0.3 per cent of the land has been used to house the urban poor — its avowed aim. And implementing the Act has proved to be difficult. For example, in the case of Bombay, for about 1,800 hectares of land that under the Act was surplus, the government received as many as 2,100 applications by 1979 from landowners seeking exemption under section 21. This section empowers the state government to exempt landlords from the Act if they build houses of less than 40 square metres on half their land. These houses would be sold to the poor at prices fixed by the government. The remaining land can be used to put up flats of up to 80 square metres each and sold in the open market. However, eight years after receiving these applications the Maharashtra

Slums: "both the solution and the problem" government has cleared only 215 of them, and in the last five years it granted only three NOCs under this section. It seems then that the government's inaction rather than the landowners' reluctance to develop their property has led to the failure of the Act in Bombay.

Thus even if it is presumed that the ULC Act will be amended on the NCU's recommendation to include the vacant land cess clause, there is bound to be a problem about its enforcement by the state governments' administrative machinery. At the moment, ULC matters are dealt with by a small office of the competent authority. But collecting the cess, keeping accounts imposing penalties on defaulters, are all tasks that would require a large staff. Says a member of the commission who now believes this system will not work, "For ten years we experimented with the idea of the ULC in its present form and failed miserably. Now we are suggesting a new experiment. Can we afford to waste another five years to see if this one will succeed?"

NO PUBLIC DEBATE

The scepticism over the recommendation points to a major shortcoming in the commission's style of working: the unwillingness to initiate a public debate on its proposals and suggestions. "We are acting as if eight of us have a monopoly of wisdom in these matters," says the member quoted above. Although working groups and expert sub-committees are studying the issue in great detail, he says, what is needed is consultation with people whose life would actually be affected by the recommendations. It would also have been helpful, he says, before making any concrete suggestions on ULC, to have called a meeting of the relevant state authorities, and to have questioned them on their experiences. This was never done. The commission visited only six states for two days — Punjab, Goa, Andhra Pradesh, Kerala, West Bengal, Madhya Pradesh and Maharashtra — where they got depositions from interested parties before finalising the first interim report.

A base paper on housing (prepared by Buch and Shah) that did not finally make it into the first interim report talks about not making "specific recommendations" because "it is a complex subject and hence needs more time to study and analyse and discuss issues," and "...to sound more people and agencies on the suggested responses." But the idea seems to have been abandoned.

The next interim report, which will be out around October, is expected to be patterned like the first one. It will deal with housing. The main stress of this report is likely to be on the rehousing of slum dwellers and squatters in particular and the urban poor in general. The base paper prepared by Buch and Shah gives some idea about the nature of the expected recommendations. Their thinking is a radical departure from the prevailing notions. They speak of slums in India's cities as representing "both the solution and the problem". The process that produces affordable shelter in the form of low cost recycled materials, self-help, easy and quick construction etc, represents a solution to the housing crisis. But the encroachment on public and private lands and the unhealthy environmental conditions represent the problem.

The base paper holds the view that in any plan to house the urban poor, there should be a shift from dependence on formal government agencies like housing boards to self-help efforts like sites-and-services. It maintains that formal housing agencies in both the public and private sectors are neither building fast enough to meet demands nor are the dwellings cheap enough to reach the poor income households. And judging from their present style of functioning it seems unlikely that they would be able to do much more to cope with the massive backlog and galloping new demand.

The key deterrent to the development of housing in the cities is the state's inability to provide land to the poor at a price they can afford, the paper says. The state, it claims, has effectively intervened in the provision of two basic necessities of daily life — food and clothing. But nothing of this kind has happened in the case of land.

Most people believe that government development of land will be unproductive. This need not be so, the authors say. The supply of serviced land can be used as a means of raising resources for urban development in general and would subsidise housing for the poor in particular. With the powers the state has to acquire land at very low prices, it should not be difficult to make land development a paying proposition.

To achieve this, the paper recommends two important measures. First, a Land and Infrastructure Development Bank should be set up with capital of around Rs 1,000 crores raised from financial institutions and the public. Local agencies and development bodies can then borrow funds for economically viable land acquisitions and development projects. Secondly, an entrepreneurial approach to the problem. It might be useful to draw on the private sector's inherent entrepreneurial drive and entrust it with developing land with infrastructural services and suitable cost effective community facilities on time.

For existing slums, the paper suggests two remedies to improve living conditions. *In situ* improvements can be brought about by providing the settlements with proper water supply and drainage, an experiment that is being carried out in Bombay currently under a World Bank scheme. Secondly, and more importantly, the residents should be given tenure, which will remove the fear of eviction and motivate them to invest resources and energy in their homes.

And in the case of new constructions, the authors say the thrust should be towards sites-and-services projects. Many Indian cities have already started work along these lines. But what is needed is to link these projects up with employment opportunities in terms of locational decisions; arrangements for home improvement loans; and involvement of social service agencies to organise people to sustain the development projects — in short, area development.

Housing constitutes a major part of the crisis in India's towns and cities. The satisfactory resolution of this problem alone would be a major step forward. Most other problems would seem secondary in comparison. But there is no doubt that all of them are connected in the overall context of the quality of life in urban centres. The NCU has set up as many as ten working groups consisting of three experts each to study subjects as varied as environmental engineering to inter-and intra-state transport, and the history of Indian cities. In addition, 22 individual studies have also been commissioned to assist the working groups. The best of all these will be included in subsequent interim reports and the final report of the commission, which is expected to be ready around mid-1988.

WHERE'S THE WATER!

But some vital issues are missing in the list of subjects assigned to working groups for study. The principal among these is water. Drinking water is a severely threatened urban resource. Anil Aggarwal, the noted environmentalist, made this clear in his recent deposition before the commission. He made an impassioned plea to consider this a vital subject when tackling the problem of urbanisation. But so far it has not found its way on the commission's agenda. Two other important issues that have not received the attention they merit are government policies on FSI and on industrial relocation.

As one member of the NCU says, this opportunity to give the nation's battered cities a fresh lease of life should not be lost There is still time for members to review the commission's style of working, spot weak areas and expand the scope to include every aspect of life in urban India.

Considering that its findings and recommendations will shape the destiny of India's towns and cities, the commission must weigh carefully its every move.

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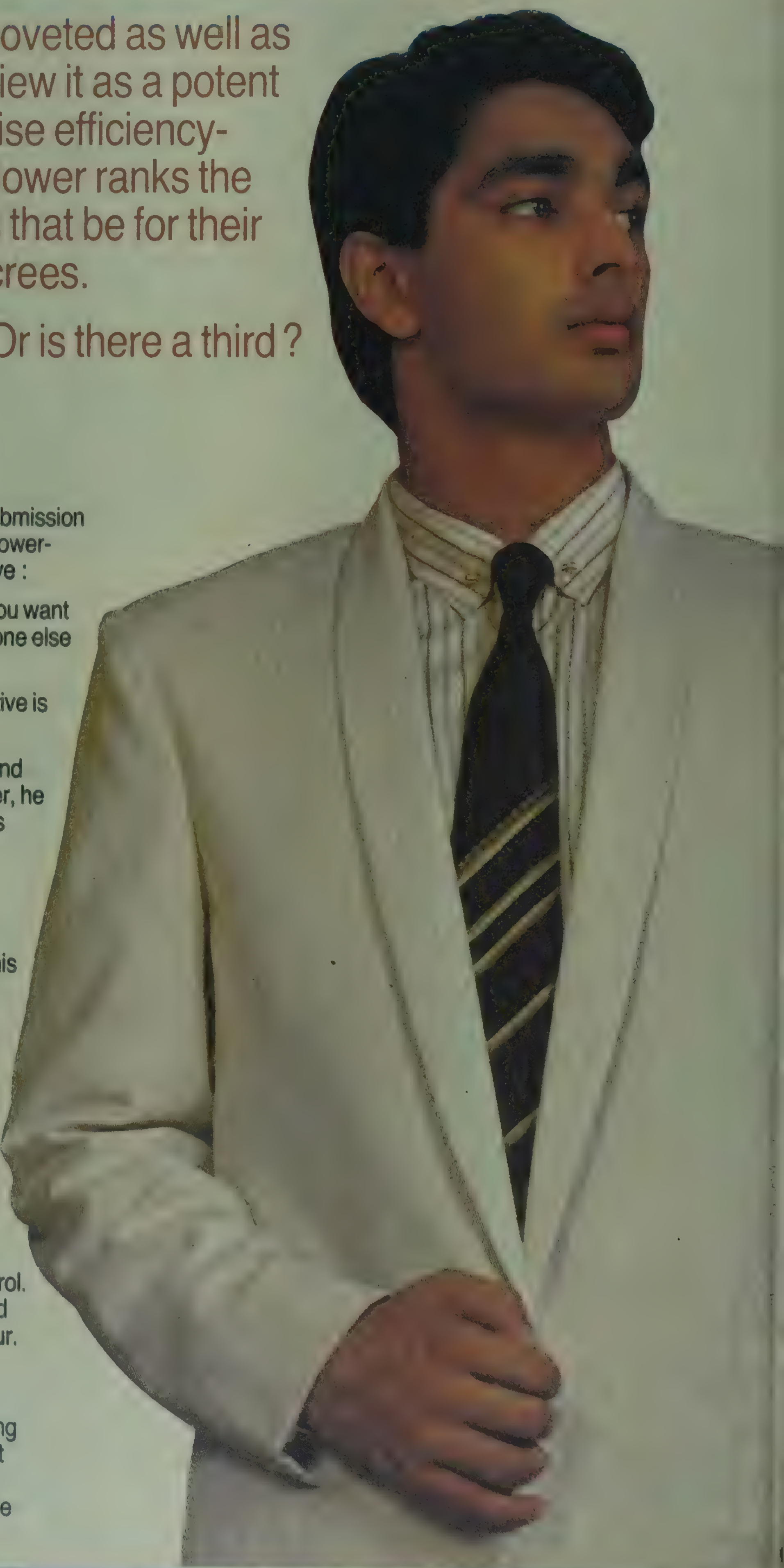
POWER TALK
FOR MANAGERS

In corporate circles, power is coveted as well as resented. Those on the way up view it as a potent asset to control subordinates, raise efficiency-levels, improve productivity. But lower ranks the world over, condemn the powers that be for their strong-arm tactics and unfair decrees.

Which of the two views is right? Or is there a third?



Is Power A Dirty Word ?

To a lay mind, power means use of force to enforce submission and to humiliate. However, let us define power and power-oriented behaviour in their right sense and perspective :

1. Power means the ability to influence others to do what you want them to do and also the ability to avoid doing what someone else wants you to do against your wish.
2. Power-oriented behaviour is that behaviour whose objective is to acquire and to use such power.

A manager may be a genius at analysing complex data and working out alternative options but without exercise of power, he is ineffective, because implementing those options involves influencing others i.e. use of power.

Need For Power

Why does a manager need power ? A manager in today's complex world has to depend heavily on his superiors, subordinates and peers because :

1. There is division of labour resulting in specialization.
2. Supply of resources is scarce in relation to demand.

In order to obtain information and cooperation from specialists not under the manager's control and to secure a reasonable share of the scarce resources, a manager must influence others i.e. use power. Thus the reason why a manager must indulge in power dynamics is not because he is power hungry or desperate about getting ahead but because he has to cope with the dependence inherent in a managerial job,a dependence on people not under his control. According to John Kotter's research, greater the job-related dependence, greater the need for power- oriented behaviour.

How To Acquire Power

What does acquiring power mean? It means acquiring potential influence over others so that they do what you want them to do or refrain from forcing you to do anything that you don't want to do. How does one acquire power? Some basic methods are:

V. V. Prabhu, Personnel Manager and Writer.

Gaining control of important tangible resources like udgets, employees, equipment, etc.

Controlling useful information and information channels,

Establishing favourable relationships with people by

a) doing them some favours and making them feel bligated to you or dependent on you,
b) developing a strong professional reputation and nsuring that the reputation becomes very visible and
c) consciously developing a charismatic aura around ou, creating an atmosphere of esprit de corps by making people feel strong and confident and esponsible despite all the problems that they face, so that eople unconsciously identify themselves with you nd look up to you. The art lies in controlling people without making them feel subservient.

How To Use Power

Having acquired power, an effective manager uses it very judiciously. He will ensure that the use is seen as legitimate by others. For instance, he will use expert power only after gaining requisite expertise, for if he is not an expert, he will be labelled a fraud. He also develops an intuitive sense of where to use coercive power and where to employ persuasion. For example, he knows that professionals expect to be influenced more by persuasion than by other forms of power. And although the process of management is conventionally associated with managing subordinates, he knows that for overall effectiveness he must also manage his relationships upward and laterally i.e. with his superiors and peers.

Need For Affiliation, Achievement And Power

According to Prof. McClelland, a manager's need for power (i.e. need for influencing others to get things done) has to be examined in the context of his two other needs viz. need for achievement (i.e. need for doing things more efficiently) and need for affiliation (i.e. need for being liked by others). If the manager's need for achievement is greater than his need for power, he will try to do things himself rather than get others to do them. To give a typical example, such a person, if promoted from Salesman to Sales Manager, will be tempted to do the selling himself rather than motivate his Salesmen to sell. Again, if a manager's need for affiliation (i.e. for being liked by others) is greater than his need for power, he will hasten to please people by taking ad hoc decisions in disregard of procedure and he will hesitate to take unpleasant decisions affecting others. Prof. McClelland therefore has concluded from his research that managers, in order to succeed, must have high need for power, medium need for achievement and low need for affiliation.

Power No Substitute For Competence

Lest the foregoing should create an impression that a manager can become effective by exercise of power alone, it must be clarified that for success a manager must also have job competence. An incompetent manager exercising power will be forthwith exposed as a politician, not a performer.

Institution Before Individual

Finally, a word of caution. A manager must not exercise unbridled power for self-aggrandisement in an aggressive, egoistic manner. He must direct his power towards the benefits of the institution and he must exercise utmost self-control as a balancing factor against excessive use or misuse of power. When such a manager leaves the scene, his subordinates continue the good work and remain loyal to the institution rather than to that individual manager.

Recommendations

1. Make an assessment of your own power skills and abilities.
2. If you conclude that your power skills are weak, confine yourself to staff jobs or specialist careers in medium-sized organisations.
3. If you believe you have power skills, focus on line jobs in large organisations. Identify people you are dependent on. Don't ignore anyone. Consider your peers, people below you and above you, people outside your department. Then manage those dependencies by spending considerable time on developing relationships, gathering information and acquiring expertise.
4. Be flush with energy, for energy is the basic requirement of power.
5. Whenever you lapse into a complacency about power, remember Prof. McClelland's own example. When he started his consultancy firm, he would even consult his secretary before taking a decision. Over the years, his firm accumulated huge losses. Then McClelland switched over to power- oriented management. In a year or two, not only were the losses wiped out but the firm started making good profits.

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A gap or a gulf

While the tugs and choppers clear the underwater mines in the Strait of Hormuz and convoys pass in and out off the island of Kharg under heavy naval escort, the US staggers under a heavy trade deficit. What used to be called a trade gap could now very well be referred to as the trade gulf, strewn as it is with protectionist 'mines'. This poses a far greater challenge to the US since it involves fighting friends — ie, its trading partners — rather than known political enemies.

The trade deficit for June was $15.7 billion, up from $14.04 billion in May. The figure overshot general expectations by some $13 million — without a forewarning of any sort — and the markets got a bit of a shock. What makes it worse is that this huge figure was arrived at despite the fact that, beginning with this computation, a revised method of calculating trade with Canada — the US' biggest trade partner — is being employed. In fact, this revised method had reduced the overall trade gap for the year 1986 to $157 billion from the unadjusted figure of $166 bil-ion. Were it not for the new method, the gap would have been over $16 billion.

So, with a nasty jerk, the market is thrown back on the fundamentals once again. Within minutes of the announcement, the dollar lost 2 pfennigs against the DM and 2 yen against the apanese currency, pushing it from 152 to 150 yen. The spreads widened dramatically as the longs unloaded. Later, however, the dollar recovered a little when the bargain hunters appeared.

For several weeks now, the dollar has been well supported by technical factors, the tension in the Gulf and, above all, the consis-ently improving US economic performance. Retail sales grew by a healthy 0.8 per cent, unemployment is down to 6 per cent with a arge increase in manufacturing jobs and infla-ion appears to be well in control, with the producer price index showing a gain of only 0.2 per cent.

The setting seemed perfect for a gradual appreciation of the dollar. But now, concern about the trade gap — that major determinant of international currency parities —re-emerges. The gap during the first half of 1986 was $78.62 billion (after the Canadian adjustments) and the gap now in the first half of 1987 is $81.93 billion. It is but natural for the market to make a reassessment of its view which has been predominently bullish for several weeks now. It tested the dollar at 1.9025 against the DM — a seven month high — and fell back a little only after intervention by the Bundesbank and the Federal Reserve Board whenever it approached DM 1.90 The dollar also appeared to be ensconced safely above 150 against the yen.

In June, US imports rose 5.8 per cent to a record of $36.84 billion, whereas exports rose to $21.91 billion from $20.78 billion in May — a mere 1.6 per cent increase. What is more worrisome is the fact that manufactured imports rose from $26.91 billion in May to $28.33 billion in June while manufactured exports fell to $14.50 billion from $14.52 billion. Also, the deficits against Germany and Japan were at near record levels. The deficit against Japan was $5.33 billion after a shortfall of $6.74 billion in November — the second largest since that month. The underlying assumption, during the dollar's consolidation period, was that though the trades did not show much improvement in nominal terms, it was improving in volume terms, which indeed it was. This is partly reflected in a strong performance on the domestic economic front. Some analysts feel that the trade deficits reflects a stronger economy. But if the domestic economy is improving, at this stage, it is only providing an impetus for more imports which could not but weaken the economy in the long run.

This brings us back to a fundamental question: how far can nations rely upon exchange rate realignments to smoothen out trade imbalances? Some traders feel that the current trade deficit alone should result in about a 10 per cent depreciation of the dollar. But, this can happen only if the people holding surplus dollars sell those in the market. The next question, therefore, concerns the budget deficit in the US. Who is going to put up the money required to finance some $160 billion of the annual deficit?

However, should the dollar depreciate from here on, the Japanese would be nervous about holding on to those investments. Should they start unloading dollars, it would almost certainly depreciate the dollar and no one would want to touch dollar denominated investments. To be sure, the US administration would not want anything of the sort to happen. Moreover, at this stage, there is no guarantee that trade imbalances will improve if the dollar were to fall again. Therefore, it would appear that the dollar cannot fall much and, after the current setback corrects itself, should remain steady to firm.

The US Congress convenes again in September and there are bound to be mounting protectionist pressures. Thus one should not expect large gains for the dollar.

The British pound had fallen below 1.60 against the dollar, largely due to the same fears that have been besetting the latter. Also, the recent tax gains and improved earnings are only going into buying non-British goods and yielding no positive economic gains. The UK showed a current account deficit for two consecutive months and the Chancellor of the Exchequer, Nigel Lawson, caught everyone by surprise by hiking the base lending rate by a full percentage point. The markets worried that this was designed to stall a sterling sell-off before the trade figures and current account figures were announced. However it turned out that the move was aimed at curbing inflationary pressures; this really should be an incentive for those who wish to invest in the UK. With the dollar under temporary pressure, the pound should gradually improve from here on. The UK economy is doing consistently well since the re-election of the Conservative government. Unemployment is dropping fairly quickly and individual earnings are increasing at a healthy pace. The power of favourable interest differentials should translate into a stronger pound sooner or later. It can be expected to trade above 1.60 against the dollar.

The rupee should remain in a narrow range on the weaker side on all fronts in the near future. The forward price of the rupee continues to move unexpectedly as it is pulled and pushed by sudden supply and demand by exporters and importers. The RBI appears to have pegged the rupee at the 7.60 level against the dollar but now, as the busy season approaches, the rupee should range at the lower end of the 7.57-7.64 range.

A DEALER

New York closing rates against the dollar

	14 August	7 August
Stg	1.5875	1.5640
DM	1.8790	1.8925
Yen	150.20	151.80
SFC	1.5585	1.5735

Expected range of the rupee (late August and early September)

Currency	Spot range	6 month fwd
USD	7.58-7.65	4 to 8 cents premium
Stg	4.75-4.80	250 to 350 discount
DM	14.10-14.25	28 to 38 pf premium
Yen	1130-1150	20 to 35 yen premium

International

Is India slipping into the debt trap

India may not exactly be on the verge of becoming another Brazil or Mexico, but the danger signals are beginning to flash all around. Warnings are being sounded by most responsible quarters about India's rising load of external commercial debt, which is putting the country under tremendous pressure. In fact, the pressure has already become so heavy that the World Bank, once an advocate that India should borrow in a big way from the capital markets to exploit its excellent credit rating, is now asking the authorities to go slow on commercial borrowings, lest they erode India's debt servicing capability and push it into deeper trouble.

That the World Bank has chosen to give this warning despite an improvement in India's external trade during 1986-87, compared with its performance in 1985-86, underlines the gravity of the situation.

The most damaging indictment of India's external sector is that the debt service ratio, which was only 12.1 per cent at the beginning of this decade, is expected to rise to 33 per cent by the end of the current year.

No doubt, India is still recognised as a market borrower, ie, one which can borrow from the international capital market on the basis of its own strength and needs no assistance from the IMF. Still, if the manner in which India's position has deteriorated during the past three to four years is any guide, the next two or three years will possibly erode India's credit standing even further.

According to a special study made by the Institute of International Finance (IIF), a Washington based body, India's external debt is expected to almost double from £27.4 billion at the end of 1982-83 to £52.5 billion by the end of 1987-88. By end 1988-89, the amount is expected to rise to £58.5 billion. The annual growth in total debt, measured at constant prices, has been far higher than the real growth rate in the GDP of the country. As a result, the burden of external debt on the domestic economy has increased. From about 16 per cent in 1982-83, the external debt as a percentage of the GDP is expected to rise to 22.1 per cent by the end of 1987-88 according to the Indian government's estimates.

As most analysts are aware, the burden of debt on the Indian economy in recent years has risen largely because of the impact of heavier borrowings in the international capital markets, where the interest rates are relatively higher and floating and maturities for repayments are short.

Thus, slowly and gradually, loans from the World Bank, which had dominated India's external debt till the beginning of this decade, have been substituted by borrowings contracted on harder terms and conditions. The total commercial debt of India, which was a comparatively small £1.2 billion at the end of 1981-82, rose to almost £4 billion by the end of 1984-85 and, according to IIF, the commercial debt by the end of March 1988 will more than double to £9.3 billion.

On a year to year basis, the commercial debt rose by 132 per cent during 1981-82, 84 per cent in 1982-83, after which the rise fell to 30 per cent in 1983-84, before jumping again by 38 per cent in 1984-85 and 52 per cent in 1985-86. Largely because of the big bulge in commercial borrowings in the earlier years, the increase slowed down to around 22 per cent in1986-87, and is forecast to fall to 19 per cent by the end of the current year.

The share of commercial debt in India's total debt, in keeping with the large increase in commercial borrowings, rose from 5.3 per cent in 1981-82 to almost 12 per cent in 1984-85 and is estimated at 17.5 per cent for 1987-88. Thus, the concessional debt, at an extremely low rate of interest and extended maturities, is being replaced by high cost borrowings for shorter maturities.

While the surge in the total external debt is itself cause for concern, what is more worrying is the fact that when correlated to the export earnings of the country, the external position appears to be turning quite vulnerable.

TRADE DEFICIT

Thanks to the huge import bill for crude oil, other bulk import items and capital goods, in the wake of liberalisation of import policies, the trade deficit during 1985-86 had reached an all-time peak of Rs 8,747 crores. The disappearance of crude oil from the export basket, which was diverted to domestic refineries, was an important factor in the peak trade deficit. However, helped largely by the depreciation of the rupee against the major currencies, export volumes grew by almost five per cent (value-wise, export earnings rose 20.4 per cent) and the trade deficit during 1986-87 fell to Rs 7,513 crores. Even at this reduced level, the deficit was the highest in the history of India, excepting that in 1985-86.

However, any hope that the decline in trade and the current account position will continue has vanished as crude oil prices have again strengthened. According to press reports, the oil import bill for 1987-88 is expected to exceed Rs 4,000 crores, in line with the contracts finalised for 1987-88, which is about Rs 1,100 crores more than the contracted crude oil import bill for 1986-87.

According to official data, India's curren account deficit during 1985-86, largel because of the all time peak deficit in th balance of trade, had reached Rs 5,927 crores as against Rs 2,852 crores in the previou year. Data compiled by responsible source estimate that the current account deficit during 1986-87 declined significantly to Rs 4,00 crores. However, largely because of the reversal in crude oil prices, the current account deficit is expected to rise once again to Rs 4,70 crores in 1987-88. There is every possibilit that the current account deficit during 1988 89 will be pushed up further by the highe payments to be made to the Internationa Monetary Fund. The possible impact of such development on India's balance of payment position can be well imagined if we recal that the country's foreign exchange reserve declined by Rs 410 crores during the firs quarter of 1987-88. This compares rather unfavourably with the increase in the reserves o Rs 186 crores during the correspondin months of the previous financial year.

The reason behind the likely higher curren account deficit, as noted above, is the highe payment to be made to the IMF which is expected to rise from £187 million in 1985-86 t £528 million in 1986-87 and increase to £94 million in 1987-88 and further to £1,144 million in 1988-89. And whereas inward remittances have not declined, as was feared earlie they are not expected to show any dramati buoyancy.

As if these problems were not enough, recent report prepared by the World Bank o the Indian economy indicated that a seriou resource mobilisation gap is emerging i India's public sector. Total public secto spending is estimated to have risen from 29. per cent of the GDP in 1980-81 to 37.5 pe cent in 1986-87. Even though internal resource generation by public enterprises als rose over this period and tax revenues hav increased, the result has been a rise in th overall public sector deficit from 8.6 per cen of GDP in 1975-76 to an estimated 12.9 pe cent of GDP in 1986-87. The problem ha been particularly critical in the central budge where the deficit has risen, following a decline in net savings rate.

The net savings rate has declined from th peak of 20 per cent in 1978-79 to a low o 16.9 per cent in 1984-85, the latest year fo which such data is available. The obviou corollary is that the country's dependence o external resources has increased visibly Foreign savings now account for almost 10 pe cent of the investment as against a paltry 2 to per cent only a few years ago.

Such developments mean that India's recourse to foreign commercial borrowings ha risen in recent years despite some limited increase in foreign assitance for 1987-88. Com mercial borrowings, which had amounted to only Rs 1,038 crores during 1980-81 rose to Rs 2,026 crores in 1982-83. Since then these have fluctuated and were estimated at Rs 1,500 crores in 1986-87. For future borrowings the government of India itself had fixed a modest target of £2 billion a year during the Seventh Plan. However, the World Bank is now warning India to slow down on such commercial borrowings. This is despite the fact that presently India is among the few countries in the Third World which can approach the international capital market on its own. One major reason which is prompting the authorities to slow down on borrowing is the rising debt service ratio.

The debt service ratio — interest payments on India's medium and long-term debt and on borrowings from the IMF, plus amortisation on account of these two items — which was only 12.5 per cent during 1983-84, rose to 19.5 per cent in 1985-86 and shot up to 25 per cent during 1986-87. The ratio has been worked out on the basis of the total export of merchandise and services and the estimated private transfers from abroad. However, as is well known, India also has large liabilities in the form of short-term credit and substantial deposits received from non-resident Indians abroad.

In the normal course, payments — both of principal and interest — should be taken into consideration for working out the debt service ratio. But the government usually excludes the interest on short-term credit, while it considers that the amount, both principal and interest on deposits of non-resident Indians, will be available for reinvestment again. Therefore, there is no payment obligation on these accounts. It also considers that accretion to these deposits will continue because of the high interest rates in India.

As is well known, non-resident Indian deposits are high-cost deposits and hence mean substantial payment obligations. Therefore, at least provision for interest payments should be taken into consideration for working out meaningful debt service ratios. Thus, accordng to the IIF, the debt service ratio worked out on the basis of components of interest payments plus amortisation of medium-and short-erm credits, IMF loans and interest payments alone on non-resident deposits (debt as percentage of total receipts of export earnings rom goods and services plus private transfers) would show still faster pace than the debt ervice calculated earlier. For instance, from 5.3 per cent during 1983-84, the debt service atio rose to 23.7 per cent during 1985-86 and s estimated at 29.4 per cent for 1986-87. More important, such a debt service ratio is ikely to deteriorate still further to 32.8 per ent by the end of 1988-89.

However, it needs to be stated that even the above ratios are underrated since the debt service ratio worked out on either basis is on total exports of goods and services. This is fallacious because quite a sizeable part of India's total export earnings are from the rupee trade area, more so because we have a surplus with these countries. It is indeed wrong to correlate convertible debt obligation to export earnings which include non-convertible exports. Therefore, it is necessary to work out the debt service ratio on the total exports of goods and services minus exports to the rupee trading area. Such a debt service ratio will be even higher.

However, viewed from any angle, the fact remains that the debt service ratio is bound to deteriorate in the immediate years ahead unless some major decisions are taken either to increase export earnings or reduce imports. Nothing can be done insofar as the debt service payments are concerned. They have to be serviced because of existing obligations unless the government wants to default or reschedule.

The best way to deal with the situation is to increase export earnings and attract private foreign investments which do not involve any debt payment obligations. For this, the World Bank in its special report on the Indian economy had recently recommended suitable changes in the exchange rate policy for the Indian rupee to make Indian products more competitive. The World Bank had made the recommendation in the light of the impact of the average real depreciation of the rupee by about 8 per cent during 1986-87. The report in fact hinted at an across the board devaluation of the rupee. While the government is understandably sensitive on the issue of devaluation, changes in the exchange rates of the currency have become an important component in the context of boosting exports. Otherwise, the World Bank fears that India may have to place curbs on the import liberalisation policies introduced about two years ago, which can become a retrogative step from a long term point of view.

At the same time, the government will need to remain conscious of the deteriorating debt service situation. In case debt service payments continue to increase, the borrowing capacity of India from the international capital market will be seriously hampered and simultaneously the cost of borrowing will go up significantly.

Under such circumstances, India may be forced to go in for some sort of debt rescheduling which as we know is bound to be accompanied by a deflationary-oriented austerity programme. This can have serious adverse implications for growth within the economy. Hence, the situation is crucial. The government must raise domestic resources within the economy and reduce dependence upon external capital. This alone can moderate the devastating impact of a rising debt service ratio.

With exports likely to remain well below imports and net inflows of invisibles failing to show buoyancy, the task of raising investment capital will fall on commercial borrowings. As already noted, such borrowings will assuredly take India the way of Brazil. Such a debt trap must be avoided. To do that, urgent measures focused on boosting export earnings are unavoidable. Otherwise, well before the end of Seventh Plan, India's credit rating may become its major liability.

KGM

Corporate Affairs

Reuters

Boost in profits

The news agency, Reuters, which went public two years ago, has announced a 43 per cent increase in its net profits to £81 million. Over the years, the character of Reuters has changed substantially and today its main source of income is from providing financial information to banks, foreign exchange dealers, stockbrokers and other organisations in the financial markets.

The original business of news agency services now constitutes a relatively small proportion of Reuters activities.

Hungarian stock exchange

First ever in Eastern bloc

Hungary is slated to become the first country in Eastern Europe to have its own stock exchange. The Hungarian Chamber of Commerce is preparing proposals on behalf of the Hungarian government, under which state enterprises will be converted into joint stock companies. The shares of these companies will be made available for subscription to the workers and also the general public through the stock exchange. Simultaneously, the rate of corporate tax will be reduced from 90 per cent to 50 per cent. These proposals are expected to come into effect from next year.

Air France

Partial privatisation

Following the hugely successful privatisation of British Airways, the French national airline, Air France, is also proposing to float its stock.

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In the case of Air France, however the flotation will be only 15 per cent of the total equity with the balance still being retained under state control.

The issue is being proposed not to change the ownership pattern of the airline but to provide finance for Air France's massive fleet renewal programme. The programme involves an investment of $4 billion and includes the purchase of 16 Boeing 747s and 32 Airbuses.

Puma

Heavy American losses

The West German sports shoe and clothing company, Puma, has incurred losses of around DM 40 million in the first year it went public. The bulk of the losses are believed to have been incurred in the US.

In the circumstances, the company is unable to pay a dividend, but Arnim Dassler, the promoter of Puma, has announced that he will pay a reasonable dividend to the outside shareholders from his own resources.

British Airport Authority

Huge response to privatisation issue

The British government is continuing its policy of selling off to private ownership the infrastructural facilities which were previously State owned. Following the sale of the British elecommunications system, the Gas Authority. The size of the issue is £1.2 billion, and o be privatised is the British Airports Authority. The size of the issue is $1.2 billion, and he placing has attracted applications from about 2 million individuals and organisations. The share price is already quoting at about 40 per cent above the par value.

Beecham

Damages claim against Saatchi

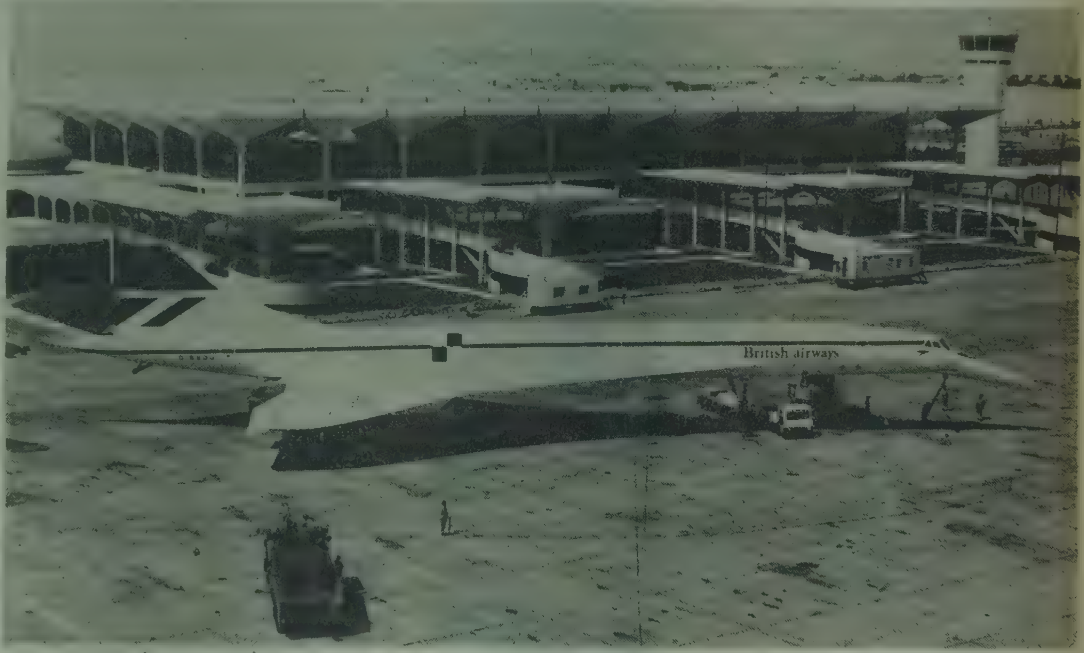
The UK-based consumer products group, Beecham, has filed a $24 million damages laim against the world's largest advertising ompany, Saatchi and Saatchi. The damages uit is based on a forecast made by Saatchi and aatchi that Beecham's new fine fabric deterent would capture a market share in the US f between 45 per cent and 55 per cent, if it was backed by advertising of $18 million.

Beecham launched the product in 1985 but n spite of the requisite advertising spending the product only achieved a market share of 15 per cent to 20 per cent. The case could have far reaching implications, if it is held that market research companies are liable for the accuracy of their predictions.

British Airways

Proposed merger with British Caledonian

The recently privatised British Airways proposes to merge with rival British Caledonian Airlines. The merger is subject to government clearance that it will not reduce competition thereby adversely affecting customers. The airlines are arguing that the combined market share of BA and B Cal on most routes is below 50 per cent and a large proportion of routes do not overlap.



The routes don't overlap

Toshiba

Exports to USA banned

Toshiba of Japan has run into heavy weather over a shipment of machine tools made by its subsidiary, Toshiba Machine Co, to the USSR. The US authorities feel that these machine tools have enabled the Soviet Union to make an improved submarine which can jeopardise the defence systems of the Western bloc.

Subsequently, the US Senate voted to ban exports of all Toshiba products to America. Like many top Japanese firms, Toshiba is heavily dependent on the American market. Almost immediately after news of the export ban, the chairman and president of Toshiba announced their resignations.

Lucky Gold Star

Korean placing in Europe

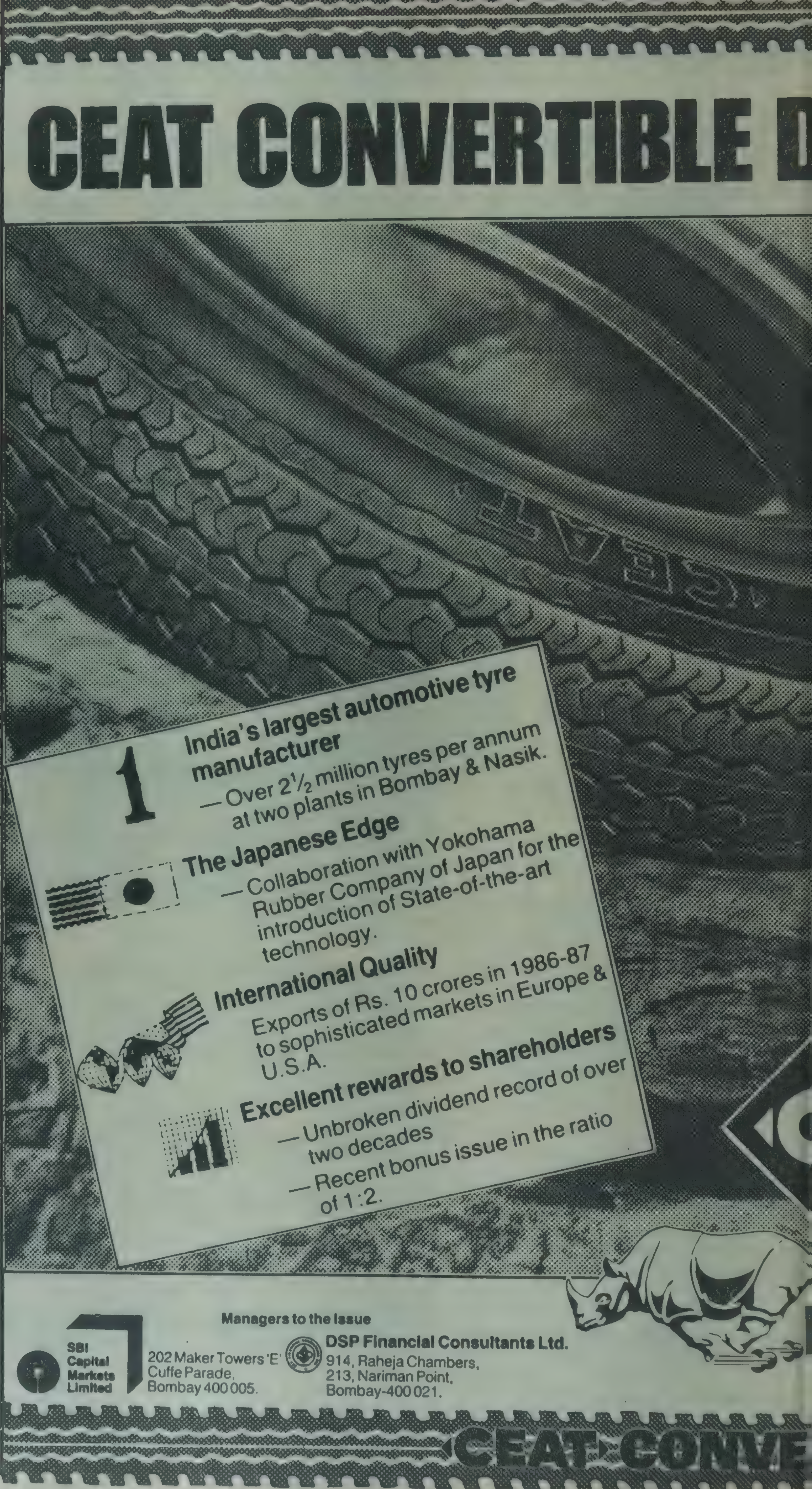
The South Korean electronics giant, Lucky Gold Star, is floating a $30 million convertible bond issue in the Euromarket. This follows an earlier issue by Samsung Electronics and reflects the gradual opening up of the South Korean capital market to international investors. The issue will be lead-managed by Merril Lynch, along with Credit Suisse First Boston and NIKKO Securities. The sharp appreciation of the South Korean currency coupled with the upward trend in South Korean share prices is expected to ensure a very good response to the issue.

Bank of America

Capital issue in Japan

The troubled Bank of America is planning to raise a total of $1 billion in capital in Japan. In the first phase, the bank is issuing $100 million in preference shares and $250 million in subordinated capital notes. About 40 Japanese insurance companies have been approached for the purpose of subscribing to the proposed issue.

ABHIJIT SEN



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LE DEBENTURES

Corporate Monitor

Birla Jute

Downturn in performance; industry-wide squeeze on margins; ongong modernisation and expansion of cement units; better production of jute goods

Birla Jute & Industries Ltd, with interests in cement, jute, and synthetic goods, reported a setback in its operational performance during the year ended 31 March 1987. Even with sales marginally higher at Rs 297 crores (previous year: Rs 294 crores), the operating profit has declined by 18 per cent to Rs 31.12 crores (Rs 37.74 crores). After interest charges of Rs 9.28 crores (Rs 6.90 crores) and depreciation of Rs 13.02 crores (Rs 14.04 crores), the pre-tax profit has slumped to Rs 8.82 crores (Rs 16.79 crores). There was no tax liability (Rs 2.10 crores). The dividend on equity capital has been maintained at 16 per cent. Due to a write-back of excess provision of depreciation in the previous year, amounting to Rs 7.95 crores, the disposable profit was more or less at the previous year's level.

During the year under review, the severe squeeze on margins in cement eroded the company's profitability. In the previous year, the cement division, which contributed 70 per cent to total sales, had contributed handsomely to the profits. Though average price realisation per bag of cement was about the same at Rs 45 per bag, input costs increased substantially. The costs of power and fuel went up to Rs 61 crores (Rs 48 crores); wages and others to Rs 39 crores (Rs 25 crores); and transport and forwarding expenses to Rs 15 crores (Rs 11 crores). The production of ordinary cement together with slag cement declined to 2,111,000 tonnes (2,204,000 tonnes), and sales declined to 2,097,000 tonnes (2,189,000 tonnes). The sales value of cement amounted to Rs 187 crores (Rs 195 crores).

Year ended 31 March	1987	1986
		(Rs crores)
Sales & other income	305.72	302.05
Operating profit	31.12	37.73
Interest	9.28	6.90
Depreciation	13.02	14.04
Pre-tax profit	8.82	16.79
Tax	—	2.10
Net profit	8.82	14.69
Equity capital	20.37	20.37
Reserves	153.42	151.16
Loans	78.05	70.53
Net fixed assets	216.24	213.36
Net current assets	33.18	26.27
EPS (%)	43.30	72.12
Dividend (%)	16.00	16.00
Market price (Rs)		
Current	50.00	
1987: High	58.00	
Low	46.00	

Birla Jute's cement units are spread over three states: two at Satna, Madhya Pradesh; one at Chittorgarh, Rajasthan; and one at Durgapur, West Bengal. All the three jute mills are situated in West Bengal. One cement unit at Satna is an old multiple kiln wet process plant. A programme to convert this 580,000 tpa unit to a single kiln dry process plant of 750,000 tpa is under way. The project, costing Rs 69 crores, is expected to be commissioned by March 1989. The expansion of the Chittorgarh plant by 500,000 tpa to 900,000 tpa was completed during the year under review. Production at this expanded unit started in January this year. The total cement production capacity of Birla Jute is almost 3,000,000 tpa.

Due to modernisation and better availability of raw materials at reasonable prices, the jute division reported improved production. Output of jute goods increased by about 45 per cent to 69,257 tonnes (47,621 tonnes). However, despite volume sales rising by 50 per cent to 49,257 tonnes (33,124 tonnes), sales value increased by only 17 per cent to Rs 43 crores (Rs 37 crores). This was mainly due to depressed markets. However, the exports of jute goods increased to 18,408 tonnes valued at Rs 16.80 crores, (10,646 tonnes valued at Rs 12.04 crores).

The synthetics division, which achieved sales of Rs 30.37 crores (Rs 25.24 crores), and the carbide and gases divisions, which achieved sales of Rs 13 crores (Rs 12.11 crores) performed satisfactorily.

Birla Jute has received a letter of intent for setting up a large 150,000 tpa sponge iron plant. The company intends to locate its project in Madhya Pradesh. Another letter of intent has been received for a trichloroethylene plant of 5,000 tpa at Birlaspur in West Bengal. This would provide a captive output of about 3,500 tpa for carbide production, and the cost of this project is estimated at about Rs 6 crores.

Birla Jute sold its interests in the loss making Bihar Alloy Steels Ltd to a Calcutta based business group. Bihar Alloys was promoted by the company and apart from the equity stake, loans to Bihar Alloys amounts to Rs 3.50 crores. The accumulated interest to date is Rs 8.50 crores. There is no stipulation for repayment of the loan by Bihar Alloys and the same will probably be returned in a phased manner.

Raymond Woollen

Higher sales; higher profits; dividend stepped up along with 1:1 bonus; working capital doubled; various expansion/diversification plans on hand; outlook of cement division not good.

The company has reported encouraging results for the year ended 31 March 1987. While total income was higher by 35.2 per cent at Rs 225.19 crores (Rs 166.52 crores), operating profit was higher by 42 per cent at Rs 40.43 crores (Rs 28.48 crores). Because of a 45.8 per cent increase in interest costs to Rs 15.72 crores (Rs 10.78 crores) and 58 per cent rise in depreciation charges to Rs 13.34 crores (Rs 8.45 crores), pre-tax profit was higher by only 22.9 per cent to Rs 11.37 crores (Rs 8.45 crores). Since the company had no tax liability net profit was also Rs 11.37 crores. Dividends were stepped up by 3 points to 25 per cent and the company recommended bonus shares in the ratio of 1:1. It has written back Rs 1.87 crores provided earlier towards disputed excise duty which is now discharged.

Gross margin was higher at 11.1 per cent (10.7 per cent), while net margin was lower at 5.1 per cent (5.6 per cent). The return on shareholders' funds held steady at 16.8 per cent. Raw material cost as a percentage of revenue declined to 18.8 per cent (25.5 per cent), while manufacturing expenses went up

Year ended 31 March	1987	1986
		(Rs crores)
Sales & other income	225.19	166.52
Operating profit	40.43	28.48
Interest	15.72	10.78
Depreciation	13.34	8.45
Pre-tax profit	11.37	9.25
Taxes	—	—
Net profit	11.37	9.25
Equity capital	11.24	11.24
Reserves	53.80	40.91
Loans	103.55	101.00
Investments	15.12	12.28
Net fixed assets	125.67	127.68
Net current assets	28.54	14.21
EPS (%)	101.20	82.30
Dividend (%)	25.00	22.00
Market price (Rs)		
Current	104.00	
1987: High	104.00	
Low	57.00	

by 26.4 per cent (23.2 per cent). The cost of imported raw material at Rs 8.48 crores (Rs 12.66 crores) was lower by 67 per cent. As a percentage of total raw material cost, imported raw material was 34.3 per cent (43.8 per cent).

The company's current output was higher by 86.3 per cent to 10 lakh MT (5.37 lakhs MT); production of wasted yarn was 52,595 kgs (1,68,321 kgs); wearable fabrics output at 78.22 lakh metres (74.45 lakh metres) was higher by 5.1 per cent. Exports were Rs 9.27 crores (Rs 9.61 crores).

The margins of the cement division were under pressure due to higher input costs. Various reliefs given by the government could not improve the profitability of this division. As a result of upward revison in various levies by the Madhya Pradesh government and the central government, the additional burden on this division would be Rs 2.75 crores per annum.

Fund flow analysis reveals that additions to gross block were Rs 11.24 crores; to working capital Rs 11.24 crores and investments Rs 2.84 crores. This was financed to a great extent by internal accruals of Rs 24.71 crores and loans of Rs 2.55 crores. Working capital ncreased by more than 100 per cent to Rs 28.54 crores (Rs 14.21 crores). This was mainly due to a 47.4 per cent increase in sundry debtors from Rs 19.84 crores to Rs 29.25 crores and a 32.4 per cent increase n loans and advances.

The company's income tax assessment for the years 1967-68 to 1976-77 (except 1969-70, and 1974-75) and for the year 1981-82 are being disputed by the income tax department because of the company's method of inventory valuation. The contingent liability in this respect cannot be determined till the relevant orders are passed by the ITO. The tax liability for 1974-75 and for the years 1977-78 to 1983-84 (except 1981-82) has been determined at Rs 34.08 lakhs and Rs 451.40 lakhs respectively. The company has paid Rs 399.97 lakhs against these demands and provided Rs 246.14 lakhs.

The annual report contains a few qualifications from the auditors. It has not provided for possible tax liabilities on future distribution of the company's share in undistributed profits. The amount of tax liability is not determinable. Statutary auditors of the company have pointed out the need to enlarge the scope of internal audit.

Interest on assets acquired on deferred credit up to 31 March 1985 continues to remain capitalised for the full period of the deferred credit arrangement. No provision has been made for possible losses on investments aggregating Rs 34.44 lakhs in JK Iron & Steel Co Ltd, Seven Seas Transportation Ltd, and JK Chemicals Ltd. These companies have closed down and their aggregate losses exceed their net worth.

The company has received a letter of intent for the manufacture of higher carbon/alloy steel profile sections; high speed steel twist drills; tool-bits blanks; engineer's steel files and rasps, 15,000 tpa of polyester filament yarn (PFY); and to install 50,000 spindles and 15,000 looms. Its application for a licence to manufacture 75,000 tpa of PTA is still pending. These new investments will cost Rs 455 crores.

TOMCO

Excellent working; smart recovery; escalating input costs; various expansion and diversification plans.

Tata Oil Mills (Tomco) has achieved a smart recovery in its working for the year ended 31 March, 1987. Total income was higher by 22.3 per cent to Rs 240.63 crores (Rs 196.78 crores). Operating income at Rs 11.24 crores (Rs 8.93 crores) shows an increase of 25.9 per cent. Interest charges were higher by 9.2 per cent at Rs 7.02 crores (Rs 6.43 crores) and depreciation higher by 4.3 per cent at Rs 2.18 crores (Rs 2.04 crores). Pre-tax profits multiplied by 5 times to Rs 2.04 crores (Rs 0.41 crores). A sharp increase in taxation from Rs 0.03 crores to Rs 0.75 crores, could not prevent net profit increasing by over 200 per cent to Rs 1.29 crores (Rs 0.38 crores). Dividend at 15 per cent is higher by 3 points.

(Rs crores)

Year ended 31 March	1987	1986
Sales & other income	240.63	196.78
Operating profit	11.24	8.93
Interest	7.02	6.43
Depreciation	2.18	2.09
Pre-tax profit	2.04	0.41
Taxes	0.75	0.03
Net profit	1.29	0.38
Equity capital	6.44	6.44
Reserves	18.21	18.00
Loans	43.20	37.60
Investments	4.99	4.33
Net fixed assets	20.81	19.22
Net current assets	43.10	39.55
EPS (%)	20.00	6.40
Dividend (%)	15.00	12.00
Market price (Rs)*		
Current	86.00	
1987: High	100.00	
Low	72.00	

** Face value of shares is Rs 25*

Of the total sales, soaps contributed 65 per cent, synthetic detergents 8.7 per cent, vegetable oils 7.1 per cent and poultry feed 8 per cent. The demand for soaps — both laundry and toilet, was buoyant during the year. Production of soaps was higher by 10.5 per cent at 93,055 tonnes (84,252 tonnes) and sales of soaps was higher by 8.8 per cent at 91,980 tonnes (84,559 tonnes). Sales realisation of soaps per tonne was higher by 13.2 per cent at Rs 16,356 (Rs 14,451) and as a result, sales value of soaps jumped by 23.1 per cent to Rs 150.44 crores (Rs 122.20 crores).

The synthetic detergent market continued to be extremely competitive. At Tomco sales were higher by 6.1 per cent at 11,746 tonnes (11,074 tonnes) and sales realisaton was up by 10.3 per cent. During the year the company witnessed a sharp increase in raw material costs. Cost of oils and fats was higher by 31.1 per cent at Rs 74.19 crores (Rs 56.60 crores); cost of animal feeds was higher by 28.8 per cent at 11.98 crores (Rs 9.30 crores) and cost of seeds was higher by 75.9 per cent at Rs 10.34 crores (Rs 5.88 crores).

As a result of escalation in prices of raw materials, their percentage to total revenue was higher at 61.9 per cent (58.4 per cent). Although, gross margin was higher at 1.8 per cent (1.3 per cent) net margin is extremely low at 0.01 per cent (0.01 per cent). Analysis of fund flow statement reveals that gross block was higher by Rs 3.54 crores; Investments Rs 0.66 crores and working capital Rs 3.55 crores. This was financed by incremental loans of Rs 5.6 crores, and the balance from internal accruals.

During April 1987, Tomco raised Rs 10.93 crores through a rights issue of 12.5 per cent convertible debentures. Provision for doubtful debts was higher at Rs 91.05 lakhs (Rs 83.74 lakhs). Debts outstanding for a period exceeding 6 months are Rs 2.81 crores (Rs 2.99 crores). Loans from banks on cash credit was higher at Rs 17.57 crores (Rs 12.02 crores) and this helped in relieving the pressure on working capital. Working capital was higher by 9 per cent at Rs 43.10 crores (Rs 39.55 crores). The amount involved in the alleged fraud of Rs 1.34 crores at the company's Bangalore office is considered good (included in sundry debtors) and a case has been filed in court.

Export earnings were Rs 101.98 lakhs (Rs 51.61 lakhs), but the soap plant in the Kandla free trade zone was more or less inoperative as orders from Russia have stopped. Tomco has started manufacture of refined sunflower oil under the brand name of 'Lakshmi' and a synthetic detergent named

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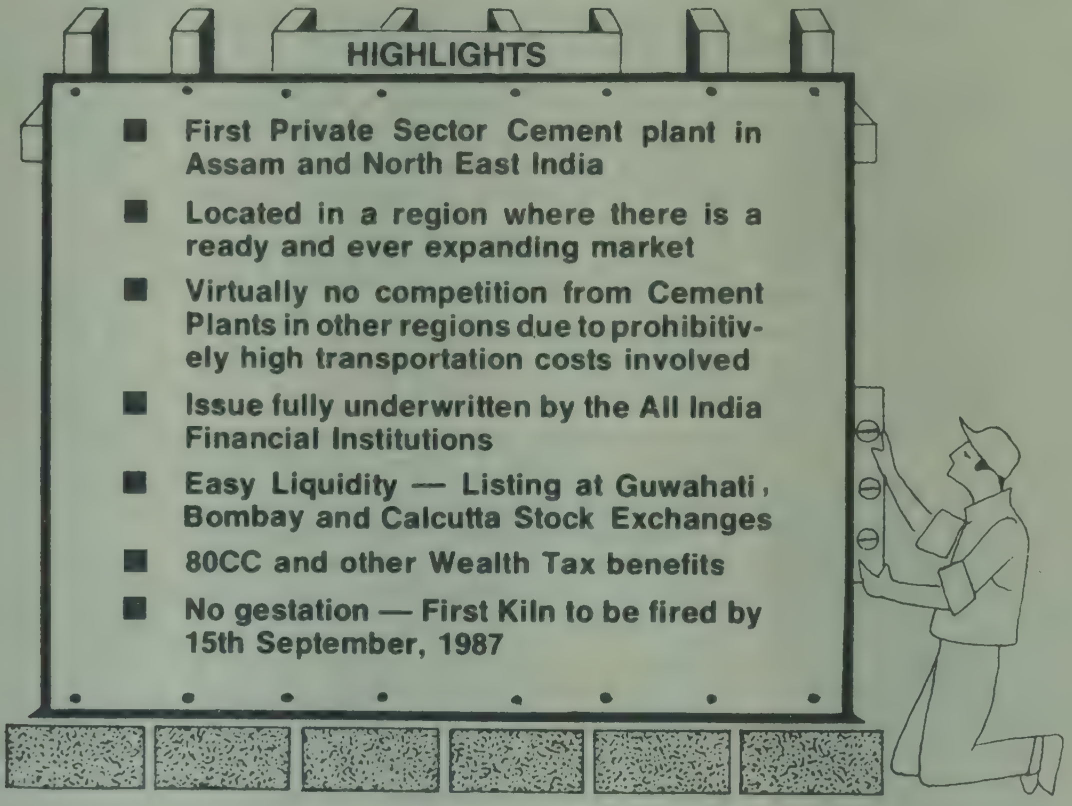

HIGHLIGHTS

- First Private Sector Cement plant in Assam and North East India
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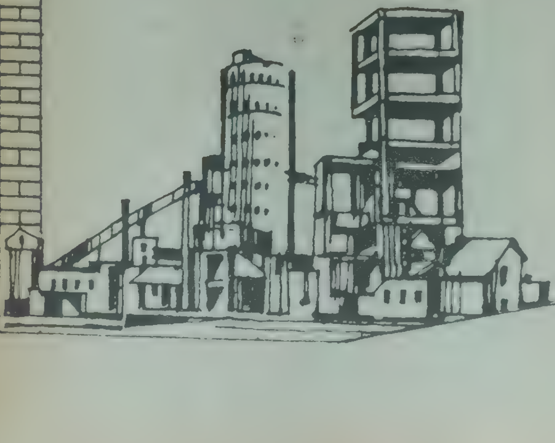

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'Revel' for specific use in washing machines. It has received a letter of intent for the manufacture of 300 tonnes per annum (tpa) of Meta Phenoxy Benzaldehyde and also for rationalising the detergent plant capacity to 30,000 tpa.

Tomco has joined hands with SICOM and the Maharashtra Petro Chemicals Ltd to set up an integrated complex for the manufacture of alpha olefin sulphonates and downstream products like soaps and detergents.

Mafatlal Fine

Higher operating costs; lower profits; overall outlook not very encouraging.

Mafatlal Fine suffered a sharp set-back in its working for the year ended 31st March 1987. Sales declined by 1.8 per cent to Rs 155.63 crores (Rs 158.51 crores). But due to an 84 per cent increase in other incomer of Rs 4.69 crores (Rs 2.55 crores), total income was higher by 3.1 per cent. However, operating profits declined by 6.6 per cent to Rs 16.11 crores (Rs 17.24 crores) and gross profit by 21 per cent to Rs 7.50 crores (Rs 9.50 crores). Due to a sharp increase in depreciation charges by 34.7 per cent to Rs 4.77 crores (Rs 3.54 crores), pre-tax profits decreased by 54 per cent to Rs 2.74 crores (Rs 5.96 crores). Tax liability was minimum at Rs 5 lakhs (Rs 15 lakhs). Net profit was lower by 54 per cent at Rs 2.69 crores (Rs 5.81 crores).

(Rs crores)

Year ended 31 March	1987	1986
Sales (incl. excise duty and other income)	168.05	163.00
Operating profit	16.11	17.24
Interest	8.60	7.74
Depreciation	4.77	3.54
Pre-tax profit	2.74	5.96
Tax	0.05	0.15
Net profit	2.69	5.81
Equity capital	6.48	6.48
Reserves	16.38	14.80
Loans	65.96	45.19
Net fixed assets	39.00	30.66
Net current assets	50.61	34.95
EPS (%)	41.50	89.60
Dividend (%)	17.00	17.00
Market price Rs .		
Current	240.00	
1987: High	435.00	
Low	200.00	

Prices of raw materials both cotton and man-made fibres and yarn, remained steady for a major part of the year. In fact, cotton and fibre prices per kg declined by 4.8 per cent to Rs 20 per kg (Rs 20). The quantity of cotton consumed was also lower by 4.4 per cent at 11.08 million kgs (11.59 million kgs). Although yarn prices were lower by 22.6 per cent at Rs 127.4 per kg (Rs 164.5) its consumption increased by 59 per cent to 1.70 million kgs (1.07 million kgs). The prices of main chemicals, except chloroform, were lower. The cost of stores and spare parts consumed was also lower at Rs 17.49 crores (Rs 18.05 crores).

In the light of above facts, the reasons stated in the annual report that lower profits were due to sharp increases in cotton prices and cost of stores, spares, chemicals, etc, is not accurate. In fact, the cost of raw materials consumed was slightly higher at 37.7 per cent of total sales (37.2 per cent). The main reasons for lower profits seems to be increases in the wage bill (Rs 2.92 crores); power and fuel cost (Rs 2.61 crores); interest charges (Rs 86 lakhs) and depreciation charges (Rs 1.23 crores).

Sales of the textiles division contributed to 75 per cent of total sales while sales of aluminium fluoride, synthetic cryolite and fluorocarbon gases contributed to 22.6 per cent of total sales. Cloth sales in terms of volume was lower by 2.4 per cent at 62.29 million metres (63.84 million metres). Sales realisation per metre was lower by 0.8 per cent at Rs 18.8 (Rs 19.0). This resulted in a 3.2 per cent fall in value of cloth sales to Rs 117.36 crores (Rs 121.27 crores). Mass imports of synthetic textiles together with unviable surplus capacity resulted in increase of stocks of finished goods to Rs 14.20 crores (Rs 7.41 crores). Performance of the chemicals division fell short of expectations due to lower off-take by aluminium industries. As a result, the production of cryolite and aluminium fluoride had to be curtailed to 10,830 MT (12,087 MT). The heartening achievement is an increase in exports by 46 per cent to Rs 12.68 crores (Rs 8.69 crores). The company has not only been able to achieve higher volume of exports but has also been able to penetrate the more lucrative markets.

During the year, margins were under pressure with gross margin declining to 4.8 per cent (6 per cent) and net margin to 1.7 per cent (3.7 per cent). The number of days stock held is higher at 97 days (75 days) resulting in lower stock turnover of 3.8 times (4.9 times). Due to the stock-piling, the current ratio has gone up to 2.5 (2) while the pay-out ratio have been higher at 40.2 per cent (19 per cent).

The company worked out a replacement/modernisation programme during 1986-87 at an approximate cost of Rs 7.71 crores. During the second phase of modernisation programme, investment in the textile division will be around Rs 30 crores.

The company has advanced an interest free loan of Rs 2.78 crores to Mafatlal Engineering Industries Limited (MEIL) as part of its rehabilitation package. The company has also given bank guarantees on behalf of MEIL to the financial institutions amounting to Rs 12.65 crores.

During the year 1986-87, additions to gross block, Rs 10.25 crores, and working capital, Rs 15.66 crores, were financed internally to the extent of Rs 6.36 crores while the balance came from term loans and share application monies. In the light of a rather disheartening outlook for the textile industry, and with chemical divisions facing competition, an increase of 46 per cent in loans to Rs 65.96 crores (Rs 45.19 crores) will push up the interest charges.

Besides, a sudden spurt in the cotton prices during the last quarter, will also adversely affect profitability.

Results announced

Indian Rayon

Indian Rayon is maintaining dividend at 28 per cent for the year ended 30 June 1987. Sales have increased by 9 per cent to Rs 200 crores (previous year: Rs 183 crores) and gross profit was lower at Rs 13.25 crores (Rs 15.27 crores). After providing Rs 7.93 crores (Rs 7.95 crores) towards depreciation, pre-tax profits have slumped to Rs 5.32 crores (Rs 7.32 crores). With the introduction of Section 115-J, the company has set aside Rs 80 lakhs as tax liability. Thus the net profit works out to Rs 4.52 crores (Rs 7.32 crores).

According to the directors, Indian Rayon performed "substantially better" in the second half compared to the first. The rayon and cement divisions faced pressure on margins due to non-availability of raw materials and rising input costs. Exports for the year amounted to Rs 7.41 crores.

The company is implementing several new projects — the white cement plant at Jodhpur is expected to be commissioned in the first quarter of 1988. The existing grey cement capacity will be doubled from 540,000 tonnes to 1,080,000 tonnes. The carbon black project in technical collaboration with Philips Petroleum will go on stream in mid-1988. Indian Rayon is participating in the Mangalore refinery project in the joint sector along with Hindustan Petroleum.

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Dr. E A Ramaswamy

Last date for nomination
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Organisational sponsorship is essential

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Union Carbide

Union Carbide has announced a dividend of 12 per cent for the year ended 31 December 1986. Following the Bhopal gas tragedy in December 1984, the company had not paid a dividend in the previous year. Union Carbide Corporation, US, which has a 51 per cent stake in the Indian company, has decided to contribute its share of the dividend for "relief of the Bhopal victims".

According to a preliminary statement, the company's sales declined from Rs 242 crores to Rs 214.84 crores and the gross profit to Rs 14.77 crores (previous year: Rs 20.57 crores). After providing Rs 3.93 crores (Rs 5.60 crores) towards depreciation, Rs 4 crores (Rs 6.40 crores) for taxation and Rs 1.83 crores (Rs 8.44 crores) for "extraordinary items" there is a surplus of Rs 5.01 crores (Rs 13 lakhs).

English Electric

The English Electric Company of India Ltd has announced a generous bonus issue in the ratio of 1:1 for the year ended 31 March 1987. The dividend has been maintained at 27.5 per cent which absorbs Rs 1.23 crores. Sales of the company increased to Rs 58.74 crores (previous year: Rs 53.65 crores). The pre-tax profits (details of depreciation and interest charge not yet available) moved to Rs 6.40 crores (Rs 5.61 crores) and the tax liability has doubled to Rs 2.47 crores (Rs 1.20 crores). Consequently the net profit is lower at Rs 3.93 crores (Rs 4.41 crores).

Orkay

Orkay Silk Mills Ltd has lowered the dividend to 20 per cent for the year ended 31 March 1987. Like other companies in the synthetic textile industry, Orkay has reported a slump in sales and profitability. But thanks to a lower charge on interest and depreciation, Orkay's net profit is better than the previous year.

Sales and other income declined to Rs 228 crores (previous year: Rs 242.72 crores), and he gross profit at Rs 16.56 crores (Rs 20.24 crores) followed a similar pattern. The directors state that margins were under pressure mainly due to "unrestricted imports of polyester yarn and suspension of anti-dumping duty". However, prices firmed up during the ast quarter resulting in an improvement in profitability.

Interest charges were lower at Rs 5.27 crores (Rs 6.75 crores) and the provision for depreciation is Rs 3.44 crores (Rs 5.84 crores). According to the company, the computation of depreciation has been done as per "the latest circular of the department of company affairs". Had the charge been higher, there would have been a substantial impact on profitability. As it stands, the net profit for the year is Rs 7.85 crores (Rs 6.94 crores). Excess investment allowance and depreciation of previous years (of Rs 6.57 crores) have been written back. The proposed dividend absorbs Rs 3.23 crores (Rs 4.04 crores).

Orkay has proposed to make a rights equity offer of Rs 12.01 crores at par and a non-convertible debenture issue of Rs 36 crores. This is to finance the expansion of PFY capacity from 6,000 to 15,000 tpa.

Pfizer

Pfizer Ltd has suffered a set-back in its working for the year ended 30 December 1986. The dividend has been halved to 10 per cent. Sales registered a modest 5.8 per cent increase to Rs 68.8 crores (previous year: Rs 65 crores). But the operating profit has fallen precipitously to Rs 3.27 crores (Rs 6.39 crores). The interest burden is Rs 91 lakhs (Rs 38 lakhs), depreciation absorbs Rs 1.54 crores (Rs 1.48 crores) and the tax liability is Rs 48 lakhs (Rs 2.37 crores). Net profit has slumped to a meagre Rs 34 lakhs (Rs 2.18 crores). The principal reasons for the decline in profitability, according to the company, is the steep increase in input costs without a commensurate rise in selling prices.

In brief

- **Tata Engineering and Locomotive Ltd (TELCO)** has announced a 37 per cent increase to 14,747 numbers in vehicle production (previous year: 10,753 numbers) during the first quarter of the current year. Sales are higher by 30 per cent at Rs 321 crores. According to Nani Palkhivala, deputy chairman, the company is placed in an "advantageous position" during the current year as prices for heavy and medium vehicles have increased.
- **Tata Iron and Steel Company (TISCO)** hopes to increase steel production by 100,000 tonnes during the current year. In the first quarter, steel production was 52,000 tonnes higher though sales had risen by a meagre 1,000 tonnes. According to Russi Mody, chairman, the profitability of the company depends on the extent of increase in steel prices allowed by the government. Due to a new wage settlement, Tisco's wage bill is expected to increase substantially during the year.
- **Century Enka** has reported a turnover of Rs 123.08 crores for the six months ended June 1987. The company earned a gross profit of Rs 11.61 crores and after the necessary adjustments, there is a surplus of Rs 4.05 crores.
- **Electronic Systems Punjab** has doubled its sales to Rs 18 crores for the year ended 30 June 1987. The company has several orders in hand for the supply of data acquisition and control systems and mini/micro computers for bank computerisation programmes.
- **Winsome Textile Industries** has reported a turnover of Rs 12.23 crores during the year ended 31 March 1987. The net profit works out to Rs 13.16 lakhs compared to a loss of Rs 33 lakhs. The company is not paying a dividend.
- **Remington Rand** has reported a decline in sales from Rs 19.06 crores to Rs 18.90 crores (Rs 2.31 crores) and the net profit for the year is Rs 95.32 lakhs (Rs 1.04 crores).
- **Abbott Laboratories** is skipping payment of dividend for the year ended 31 November 1986. Though turnover has moved to Rs 19.22 crores (Rs 17.82 crores) the company has reported a loss of Rs 75 lakhs, the main reason being labour problems at its Kurla unit.
- **Reliance Industries** has decided to increase the size of its rights issue. At an extra-ordinary general meeting held recently, the company announced that 30 million shares of Rs 10 each will be issued at a reduced premium of Rs 52.50 per share. The resolution seeking early conversion of 'G' series debentures was approved by the shareholders.
- **National Organic Chemicals** has fared well in the first six months of the current year. Sales have risen to Rs 133.76 crores (previous year: Rs 114.55 crores) and gross profit moved to Rs 16.82 crores (Rs 13.92 crores). After providing Rs 6.73 crores (Rs 5.32 crores) towards depreciation and Rs 2.20 crores (Rs 3.40 crores) for taxation the net profit is substantially higher at Rs 7.89 crores (Rs 5.20 crores).
- **Suraj Diamonds** has announced a dividend of 10 per cent for the year ended 30 April 1987 to be paid on a pro-rata basis. The company achieved sales of Rs 35.68 crores and a gross profit of Rs 1.51 crores. The net profit works out to Rs 1.20 crores.
- **Mazda Industries and Leasing** is paying a higher dividend of 25 per cent (previous year: 22 per cent) for the year ended 30 June 1987. While total lease business was higher at Rs 19.73 crores (Rs 11.42 crores) income doubled to Rs 7.13 crores (Rs 3.64 crores). Depreciation absorbs Rs 1.37 crores (Rs 55 lakhs) and the tax liability is Rs 35 lakhs. The net profit works out to Rs 1.95 crores (Rs 1.27 crores).
- **Ingersoll Rand** has performed well during the first six months of the current year. Sales have increased to Rs 30.06 crores (corresponding period of previous year: Rs 25.35 crores) and gross profit to Rs 5.54 crores (Rs 4.73 crores). There is a higher surplus of Rs 2.91 crores (Rs 1.98 crores).

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New Issues

Garden Silk Mills

That the recently announced public issue of Garden Silk Mills Ltd should make waves was no surprise. This was primarily, because it has the distinction of having been allowed to demand the highest ever official premium on its shares by the Controller of Capital Issues (CCI). Consequently, when news reports mentioned that Garden Silk Mills' public issue would be for 300,000 equity shares of Rs 10 each at a premium of Rs 75 a share (it broke even Reliance's record premium of Rs 62.50 a share), it made people sit up.

Garden's public issue proposes to mop up Rs 43.25 crores. While Rs 2.55 crores will be aised from the issue of 3 lakh shares, another Rs 40.7 crores will come from 22 lakh (12.5 er cent) convertible debentures. Out of this, .77 lakh equity shares (worth Rs 1.5 crores) nd 15.48 lakh convertible debentures (worth s 28.64 crores) will be offered to the Indian ublic. The balance will be reserved for non-esident Indians (75,000 shares and 3 lakh deentures) and the Unit Trust of India (33,000 hares and 2.42 lakh debentures). Unlike most ublic issues, there is no quota of shares or onvertible debentures reserved for associates f the management (which in any case will etain a 75 per cent stake in the enhanced quity of the company but will dilute it to 60 er cent in three years' time). The issue opens n 5 September for non-resident Indians and n 7 September for the Indian public.

Garden Silk's public issue has the distinction of being allowed to demand the highest ever official premium on its shares, higher even than Reliance's record premium of Rs 62.50 per share

With this public issue the company's share apital will increase from Rs 7.54 crores to s 7.84 crores this year and to Rs 10.04 crores n 31 March 1988 (when Rs 85 of the each onvertible debenture worth Rs 185 gets conerted into one equity share. The nononvertible portion of Rs 100 will be reeemed in three annual instalments (of Rs 30, s 35 and Rs 35) from March 1995 onwards.

The sum of Rs 43.25 crores (along with s 4.5 crores raised from privately placed non-convertible debentures with the UTI) and Rs 5.75 crores from internal cash accruals will go to finance a Rs 53.5 crore expansion and modernisation programme. The company plans to install 200 automatic shuttle change looms and 200 shuttleless looms, along with necessary accessories, and sophisticated yarn preparatories. The company's installed capacity at present is 849 looms. According to Praful A. Shah, chairman and managing director of the company, "While this expansion should help our sales increase from Rs 140.56 crores last year to Rs 155 crores in the coming year, gross profits are expected to increase even more substantially."

The issue is bound to attract substantial subscription. From 1969, when Praful Shah took charge, group sales have risen from barely around Rs 20 crores to over Rs 233 crores last year. The two most prominent companies are Vareli Textile Industries Ltd (which went public last year) accounting for sales of Rs 55.66 crores, and Garden Silk Mills Ltd accounting for another Rs 140.56 crores. Two other units (a cotton spinning unit and a process house) account for the balance turnover of around Rs 37 crores.

In fact, the way Garden is going public is strongly reminiscent of the way Vareli went public last year. Just as several private limited companies in the group were amalgamated to form Vareli Textile Industries Ltd last year, five companies have been amalgamated to form Garden Silk Mills Ltd. Similarly, just as Vareli — Textile Industries can make and sell fabrics under both the Garden and Vareli brand names (Vareli is a brand name for dress materials and shirtings while Garden is for sarees), Garden Silk Mills too can make and sell fabrics under both the brands. In fact all the group companies including a large process house share these common brand names. The group's fabrics are marketed through the unique two tier wholesale distribution system comprising 26 depots and 250 dealers in addition to a three tier retail sales network covering 115 mill-authorised showrooms, 67 'spot sale' centres and most leading cloth stores spread across the country.

Financial highlights

(Rs crores)

	1984	1985	1986-87
Turnover	86.35	133.20	140.56
Operating profit	7.74	14.79	21.12
Interest	1.27	1.39	3.37
Depreciation	1.15	1.62	1.70
Tax	0.37	1.42	—
Net profit	4.95	10.36	16.05
Gross fixed assets	20.00	28.18	60.76
Share capital	1.70	2.00	5.19+
Reserves	9.17	17.76	35.19+
Net worth	10.87	19.76	40.38
EPS (in rupees per Rs 10 share)	29.12	51.80	30.92

+ Before a bonus issue of Rs 2.34 crores

The interest that the investing public appears to have taken in Garden's public issue seems to be tremendous. That is understandable. Given Vareli scrip's track record, the Garden issue is tempting. Just as Vareli, with earnings per share of Rs 7.82 is quoted around Rs 105 at present giving it a P/E ratio of 13, shrewd investors expect the same pattern in the case of Garden too. Given the current EPS of Rs 31 in the case of Garden, against a share capital of Rs 5.19 crores, marketmen expect the EPS to be around Rs 16 when Garden's equity gets enhanced to over Rs 10 crores by 1988. If one were to apply the same P/E ratio applicable to Vareli, the market value of the Garden scrip on listing could be at least Rs 200 against the issue price of Rs 85.

Since 1969, when Praful Shah took charge, group sales have risen from barely Rs 20 crores to over Rs 233 crores last year. Given Vareli's track record, the Garden issue is likely to attract strong support

The accumulated reserves of the company stood at Rs 35 crores as of 31 March 1987. With the expected collection of Rs 21 crores by way of premium on the new shares, and after capitalisation of Rs 2.34 crores by way of bonus shares, these should swell to Rs 54 crores by April 1988. With the possibility of a rights issue (on account of dilution of the managements' 60 per cent), reserves over five times its share capital suggesting possibilities of a bonus issue a few years later, and the company's enviable success in selling its sarees and dress materials, the issue is understandably being looked forward to.

New market entrants

Company	Issue size	Main activity	Purpose	Managers to the issue	Issue date	Listing at
Amravathi Chemicals	600,000 Eq of Rs 10 each	Sorbitol	New project	NA	Shortly	Madras, Bombay
GHCL	70,000,000 Eq of Rs 10 each	Soda ash	New project	ICICI, JM Financial, Canbank	18 August	Bombay, Delhi, Calcutta
Greaves Morganite Crucible	671,930 Eq of Rs 10 each	Silicon carbide crucibles	New project	ICICI	31 August	Bombay, Pune
Gujarat BD Luggage	1,592,500 Eq of Rs 10 each	Soft luggage	New project	Canara Bank Indian Bank	Shortly	Bombay, Delhi
Gujarat Vita Pharma	2,100,000 Eq of Rs 10 each	Pharmaceuticals	New project	Punjab National Bank	Shortly	Ahmedabad, Bombay, Delhi
Hoganas India	333,000 Eq of Rs 10 each	Iron powder	New project	Hongkong Bank	31 August	Bombay, Delhi, Madras
Indian Aluminium	900,000 CSs (rts cum public) of Rs 500 each	Aluminium	FERA dilution, capital expenditure, new projects	SBICAP, ICICI DSP Financial	September	Calcutta, Bombay
Maschinen Polygraph (India)	220,000 (rts) eq of Rs 10 at a premium of Rs 15 each	Printing machinery	Expansion & diversification	VB Desai, BCCI	Shortly	Bombay
MIC Cement	870,000 Eq of Rs 10 each	Cement	New project	NA	31 August	Bombay
PCS Data Products	230,000 Eq of Rs 10 at a premium of Rs 15 each, and 276,000 CDs of Rs 150 each	Computers	Expansion & diversification	American Express	3 September	Bombay, Delhi
Reliance Industries	30,000,000 (rts) Eq of Rs 10 each at a premium of Rs 62.50	Textiles, PTA	Expansion	NA	NA	Bombay, Delhi, Madras, Calcutta
Telco	(12.5%) CDS (rts) worth Rs 101 crores	Truck & LCVs	Expansion & modernisation	NA	Closes 30 September	Bombay, Delhi, Madras, Calcutta
Videocon International	1,500,000 Eq of Rs 10 each	Colour TVs	New issue; Expansion & diversification	NA	October/ November	Bombay, Delhi
Shoppers Investment & Finance (Readymoney)	750,000, Eq of Rs 10 each	Consumer durables financing	New Project	Canara Bank Indian Bank	Shortly	Bombay, Delhi
Shriram Honda Power Equipment	1,510,430 Eq of Rs 10 each	Power generating sets	New project	Hongkong Bank, Citibank	31 August	Bombay, Delhi, Calcutta, Madras, Hyd, Kanpur

Note: Eq: Equity; NCD: non-convertible debenture; CD: convertible debenture; NA: Not available

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THE INK-PAD IS DEAD

Market News

Stockmarket Review

In for a penny, in for a pound

Period under review: 3-14 August, 1987. Stock prices rose for the fourth successive fortnight under review. *The Economic Times* (ET) All India index of share prices registered a 6 per cent rise over the fortnight to close at 269.9. This strong rise was primarily the result of sustained purchases of shares by the Unit Trust of India (UTI). Another reason was the news of a revival of the monsoon in different parts of the country. It is now hoped that the late rains will alleviate the problem of drought that faces many parts of the country, although it is expected that the *kharif* crop will be substantially lower this year.

Jobbing limit relaxed. The Bombay stock exchange (BSE) relaxed the jobbing limit from Rs 5 lakhs to Rs 10 lakhs from 8 August. Stockscan, the Press Trust of India's on-line stock price display service, was inaugurated at the BSE on 11 August. Tata Steel, the market leader, rose sharply on rumours of a steel price hike, but fell off when the rumours were confirmed to be untrue. But the effect of this piece of news on the overall price levels was overshadowed, as were all other events, by the dominant presence of UTI. At close of trading, there was a feeling among marketmen that UTI has so much at stake in the stockmarkets that it could not afford a fall in share prices and, hence, the markets were likely to remain buoyant.

Consider what happened last fortnight. It was Monday, 3 August, the start of a new week. As traders waited in long queues in front of the elevators of the BSE, they wondered what the UTI would do. The average guess was: yes, UTI will be active, but no one was willing to say till when or to what extent. This guess came true on that day and on the day that followed. Indeed, six trading days passed and the Unit Trust did not let up. It bought a wide range of shares, often at the best market prices rather than at specified limit prices. Consequently, market prices rose to levels beyond their pre-budget highs, before the crash began. On the seventh trading day, 12 August, like the Creator, UTI took rest. But prices fell that day, and the UTI appeared to have realised that a creator can never rest: in for a penny, in for a pound. Besides, the next day was Thursday, and Thursday is Mastershares day, when prices must rise. UTI reentered the market to buy shares and prices rose, as they must. So when the week ended, stock prices rose by a massive 6 per cent over the fortnight, with the *ET* index at 269.9 — over five points above the pre-budget high of 264.4.

Significant event. It is significant that the withdrawal of UTI for just a day from the market caused the *ET* index to fall by 3.7 points, while the announcement that there would be no steel price hike led to a fall of 1.2 points. In the old days, Tata Steel led the market, nowadays it is the Unit Trust.

The buoyancy of the market led the BSE authorities to relax the limit on jobbing from Rs 5 lakhs to Rs 10 lakhs per jobber. However, the exchange is serious about implementing an old rule that forward positions must be squared up every ninety days. The first deadline for this rule falls on 23 September. Since the market is heavily short-sold, there is likely to be a sustained round of short-covering in the weeks ahead which will lead to a sharp rise in prices. This has already started happening. Since forward trades are banned and are likely to remain banned for a while, the implementation of the ninety-day rule means that there will be no forward trades on record as of 23 September.

Stockscan, the digital display of stock prices, was officially inaugurated on the trading floor of the BSE on 11 August. This is a service offered by the Press Trust of India and links the stock exchanges at Bombay, Ahmedabad, Delhi and Calcutta. Stockscan displays high, low and current prices of active scrips, along with their prices in other exchanges. An updated BSE sensitive index of share price and a clock complete the set of information provided by Stockscan. The system will later allow the same information to be displayed on individual broker terminals (although with the current premium on space at the BSE, it is difficult enough for most individual brokers to accommodate themselves at their tiny tables, so where is the space for terminals?). More, seriously, the service is of limited value at present as it is not up to the minute on the latest transactions and also gives no indication of the volume of trading (see following article).

Pharmaceuticals move up

(Rs)

Name	Price on 31 July	14 August	Per cent change
Boots	118.75	135.00	13.7
Burroughs	61.25	76.25	24.5
Eskayef	203.75	225.00	10.4
Glindia	63.00	73.00	15.9
Hind Ciba	405.00	460.00	13.6
Hoechst	540.00	700.00	29.6
Pfizer	52.00	65.00	25.00
Ranbaxy	95.00	120.00	26.3
Rich. Hind.	295.00	325.00	10.1
Sandoz	70.00	87.50	25.0
E.T. index	**254.40**	**269.90**	**6.0**

Stock holding corporation. The most encouraging news from the viewpoint of the long-term development of the stockmarkets is the move to form a stock holding corporation that will hold shares on behalf of member brokers. This will allow the cumbersome system of using transfer forms to be bypassed and should lead to a large saving in time and money, as the requirement of transfer forms (that can expire) currently takes up at least half the average broker's time.

The oddest piece of news last fortnight relating to the stockmarket was that the financial institutions will have their own brokers. While many brokers feel that this will cause their own business to fall off, this is unlikely since financial institutions will continue to need private brokers to trade with. There is, however, likely to be a problem for the institutions because, unlike as at present, the broker of a financial institution will be an easily identifiable person. The financial institutions influence prices with their transactions; a jobber is, therefore, unlikely to be willing to deal with the broker of a financial institution because he knows that he is likely to lose on any trade he makes with the broker of a financial institution. It is possible that a financial institution may use its broker only to monitor the price of purchases made by some private broker on its behalf rather than to directly make purchases. This would, nevertheless, be useful as most of the institutions suspect that their private brokers have not been honest with them in the past.

Corporate news last fortnight showed a mixed trend with encouraging results from Telco, Hindustan Ciba Geigy and Ingersoll Rand, but with weak performances from Indian Rayon and Century Enka. Steel shares were initially in the limelight because of the likelihood of a steel price hike, but fell off later because the new steel minister, M. L. Fotedar, categorically stated that a steel price hike was ruled out in the near future. Pharmaceutical shares were in strong demand because of the likelihood of a more liberal price control under the new drug policy. But it is not clear why the shares of Richardson Hindustan, which is not affected by the drug price control, should also move up (see table).

Dominant position. As noted above, the UTI has firmly established its dominant position in the stockmarkets over the past few months by ensuring that there is no sustained fall in prices. Its role is similar to that played by J. P. Morgan's Morgan Guaranty Bank during the stockmarket depression in the United States in 1907. During the 1907 depression, when prices had fallen by about 35 per cent in two months, a group of stockbrokers approached J. P. Morgan for his bank's active support to prop up prices. Morgan agreed, and the stock depression of 1907 was over. As the US economy recovered next year, Morgan withdrew his support from the markets without any ill effects. Of course, by the time of the Great Depression of 1929, the market had become so large that no individual bank or group of banks was significant enough to lend the kind of support needed to prop markets while the economy faltered, and whoever tried went bankrupt.

In the last two months, the UTI has succeeded in raising stock prices by almost 30 per cent to levels exceeding the pre-budget highs of this year. There is also no doubt that the Indian economy though depressed at present is, at some point, bound to recover. In fact, even at present, there is a chance that a few strong, well-timed showers may shore up aggregate demand and corporate performance.

Thus, it is possible for the UTI to act as the insurer of the market's upward movement. Once investors are convinced that UTI is here to stay, they will buy shares because they know that their investment is insured by the UTI's own interest in an upward shift. UTI, in turn, needs to support markets only until the economy and investor confidence turn the corner and start growing aggressively again, after which prices will move up on their own steam in the fashion of the US economy in 1907.

Of course, the propping up of prices must be carefully done. If it becomes well-known that UTI is a buyer *at any price*, its role as an insurer will be self-defeating because speculators will push prices up to levels that will not be sustainable even when the economy recovers. If, on the other hand, it stops purchasing for a while, speculators will push prices sharply down in the interim, causing UTI to have to start all over again and to lose value in the process. The simplest solution, as proposed in these columns in the last issue, is for UTI to announce publicly that it would like to see stock prices grow at a steady rate of 2 to 2.5 per cent each month. Meanwhile, to prevent speculators from trying to take on UTI at least in some scrips that are not performing well, short sales should continue to be banned.

RAFIQ DOSSANI

BSE

PTI Stockscan

On 11 August 1987, the stock exchanges in the country entered what is enthusiastically being referred to as the dawning of the "information age". The inauguration of the PTI Stockscan service linking the Bombay, New Delhi, Ahmedabad, Madras and Calcutta stock exchanges is seen as the first step in that direction. Says Mahendra Kampani, president of Bombay Stock Exchange (BSE), "The interlinking of the major exchanges will enable market operators to know the prices at which scrips are being traded at a given point in time across the country. This will even out stock prices across the markets".

The Bombay Stock Exchange (BSE), which accounts for 70 per cent market capitalisation of all listed securities in the country, is the nerve centre of Stockscan's operations. Two electronic display boards have been installed in the trading ring of the BSE — the first listing current market prices of 260 active scrips traded in the exchange and the second displays the prices of 48 scrips in all the five exchanges. BSE hopes to progressively include more scrips. The BSE index will also be up-dated during trading hours and brokers can gauge the market mood immediately. Earlier they had to rely on historical data to make an assessment. According to M. R. Mayya, executive director, BSE, there will also be another spin-off from the Stockscan service. "The BSE sensitive index which today has a sample of 30 scrips will be expanded to include 100 scrips traded in all the exchanges. The new index will prove to be a more reliable indicator of market movements", he says.

Inauguration of Stockscan Service: entering the information age

The principal objective of the Stockscan service is to curb arbitrage trading — a common practice where stockbrokers take advantage of the wide disparities in market prices between exchanges. For example if scrip A is quoting at Rs 100 in Bombay and Rs 110 in Calcutta, brokers at the two centres can collaborate and make a tidy profit. Arbitrage trading is illegal in most countries but the government has been unable to regulate it in India. Says Piyush Mankad, Controller of Capital Issues who inaugurated the service in Bombay, "The Stockscan service will ensure that sensitive information on price movements is not cornered by a few operators. It gives them an unfair advantage over others. Now, with the Stockscan service, information will be readily available to everybody simultaneously. The service does not seek to curb speculative activity which is inherent in any healthy market, but at least guarantees that information channels are democratic."

How does the PTI Stockscan service operate? Information collected from the five stock exchanges is transmitted to the news agency's offices which in turn relay it through a high speed data circuit. The time lag between collection of data and forward transmission to exchanges is expected to be minimal allowing brokers to take immediate buy/sell decisions. The stock exchanges are paying PTI both an installation fee and maintenance expenses. According to P. Unnikrishnan, general manager of PTI this is only the first tier of the service. "Stockbrokers who are interested in subscribing to the service can instal a video display terminal at a monthly fee of Rs 1,850. They can monitor developments in the trading ring and plan accordingly".

However, many stockbrokers in Bombay have not responded enthusiastically to the service. Says one broker, "Like most people, we too are resistant to change. It will take us some time to realise the utility of Stockscan."

The Stockscan service is only the first phase of the BSE's ambitious automation plans. Having coped with antiquated systems for several years the exchange now proposes to commission a mainframe computer to handle the cumbersome settlement procedures. Another plan on the drawing board is to establish a share clearing house with the participation of Bank of India. And the trading ring of the BSE, which is chaotic even at the best of times, is being refurbished with exclusive trading posts for major scrips. So the BSE, if not the country, appears to be gearing itself to enter the 21s century.

S. N. VASUKI

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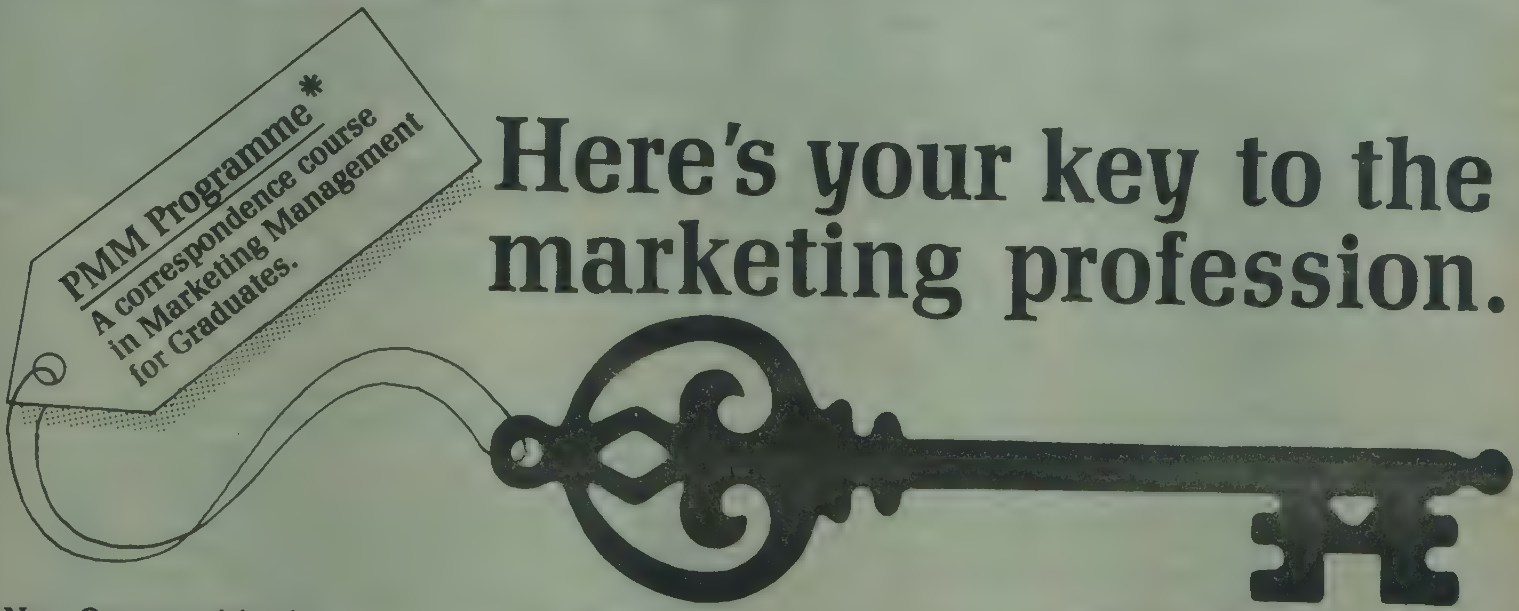
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Imageads/87

A Power-packed Indo- Japanese joint venture

SHRIRAM HONDA

...to manufacture products that promise to bring light into your life.

Shriram Honda Power Equipment Ltd. is setting up a project to manufacture 1,00,000 Portable Generating Sets per annum, the demand for which is growing due to the widening gap between demand and supply of power.

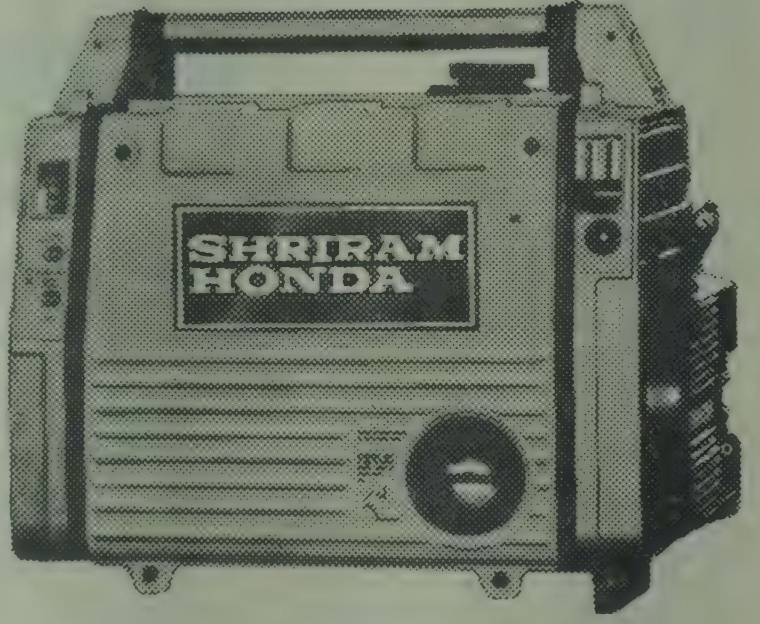
The Company inherits a legacy of leadership, a tradition of growth and a heritage of excellence from its promoters — **Shriram Refrigeration Industries Ltd.** and **Honda Motor Company Limited,** Japan.

Shriram is India's leading manufacturer of hermetically sealed compressors and water coolers. It has an enviable growth record which is clearly reflected in its handsome profits earned and dividends declared.

Honda, the world's largest manufacturer of Portable Generating Sets, is hardly a new name to India as the Company has already completed two highly successful projects in the country. Outside Japan, it has 65 plants in 34 countries and it markets its products in 138 countries.

With Shriram's professional management expertise, Honda's acknowledged technological supremacy and the vast market potential that exists for Portable Generating Sets, the project is definitely a 'success' in the making.

The issue, therefore, promises a truly bright future for its investors.



Public Issue of 25,00,430 Equity Shares of Rs. 10/- each for cash at par.

Investment Highlights

- Jointly promoted by Honda Motor Company Limited of Japan, the world renowned manufacturer of power products, and Shriram Refrigeration Industries Limited, India's leading manufacturer of compressors and water coolers.
- Highest Equity participation (33.33%) by Honda in India, a Company having 65 manufacturing plants in 34 countries.
- Honda's first ever venture for manufacturing portable generating sets outside Japan.
- Fuel-efficient technology from Honda—the world's largest manufacturer of Portable Generating Sets.
- Assured demand— in view of the critical power situation in the country. Honda commands highest share (over 70%) of imported portable generating sets sold in India.
- Minimum gestation—commercial production in December, 1987
- 80CC, wealth tax and other tax benefits.
- Equity shares to be listed at Bombay, Delhi, Calcutta, Madras, Hyderabad and Kanpur Stock Exchanges.
- Indian promoter Company Shriram Refrigeration has been paying dividend ranging from 25% to 30% since 1979.

SHRIRAM HONDA

PORTABLE GENERATING SETS

ISSUE OPENS FOR NON-RESIDENT INDIANS AND INDIAN PUBLIC ON 31st AUGUST, 1987

Shriram Honda Power Equipment Ltd.

Regd. Office: Kirti Mahal, 5th Floor, 19, Rajendra Place,
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PRESSMAN

Quality for lasting value

Diary of a Merchant Banker

14 August 1987.
The Post

Well, it may not be the age of superconductors as yet in the Indian stockmarkets, but it sure seems to be approaching the age of electronics. It really was good to see that blinking ogre flashing quotes of listed companies trying to even out the opportunities for arbitrage that, until the arrival of the legendary Stockscan, was available only to a select few brokers.

''Impressive, isn't it?'', quipped SK.

''It kind of makes you wonder how one could have done without it for so long. I think this will be as important a step as the telephone was in the development of our business.''

''Don't get carried away and give me that 'Love this country' speech again, old chap. This is hardly the place for it. I mean, I can barely hear you over all this din and confusion that seems to be caused every time some institution makes a buy order for a cash scrip.''

SK was right. This was no time for speeches. The floor was full of action. Brokers were jostling their way around, treading carefully to avoid the cracked floor that makes the Chembur roads feel like a runway..... ''SK'', I exclaimed, ''what have they done to the flooring? It's no longer cracked and full of potholes. It's gleaming white and smooth. And, SK, what are all these signboards neatly nailed on the walls? Is this the BSE ring or is this heaven?''

''Well, well, well'', said SK, ''you finally seem to have got your eyes in tune with reality. My dear man, this is the new look BSE. We were kind of worried about where we were ending up in the public polls. The one thing that matched the inflated share prices of 1986 was our inflated ego. When our ad agency conducted a poll to find out how brokers are perceived by the public, the results were very damaging. Our image had slid in tune with the share price index.''

''Come on, now, we all know that it is not any one individual or group's fault that things are messed up in this country. It is the system and, from what I can gather, there is at least one man travelling around the country trying o remind people that every individual is clean but the system is bad.''

''Well, no one likes being called a liar and a cheat.''

''Is that what the public told your agency?''

''The agency interviewed 3,857 people in hree Class I towns, four Class II towns, and six Class III towns. They asked the respondents, if hey were to buy a used car which they were old was ten years old but whose odometer ead 22,768 kilometres, would they accept his fact at face value if the seller was (a) V. P. Singh, or (b) Rajiv Gandhi. Well, as expected, 99 per cent of the respondents felt that if Singh said that the car had only done 22,768 kilometres, even though it was ten years old, they would believe him and only 1 per cent of the respondents would have questioned Singh. On the other hand, 90 per cent of the respondents felt that if Rajiv Gandhi made the same statement they would question its authenticity. The remaining 10 per cent, who said they would not question Rajiv Gandhi's statement, were also murmuring something to the effect that 'one has to believe in someone these days'.''

''Well, SK, that should not affect the standing of the broking community at all.''

''Just listen, old chap. After having established the benchmark for honesty, our ad guys threw in the same question, but with a slight twist. This time they told the respondents that the two sellers were (a) Rajiv Gandhi, and (b) your broker.''

''Oh, no!'' I gasped.

''Oh, yes!'' asserted SK. ''This time 100 per cent of the respondents indicated that they would tend to believe Rajiv Gandhi and not a single person indicated his preference to believe his broker.''

''And what has been done about this image problem?'', I queried.

''Well, the first thing we did was to sack our ad agency for not telling us how they had planned to conduct the poll. I mean we could have given them 3,857 names in Class I, II, and III towns and they would have obtained a totally different impression. The next thing we decided to do was to clean up our trading floor a bit and put these nice little boards on the walls.''

''Yes, it does look nice.''

''Stockscan is going to change everything. It is going to take time and the public must have patience. After all, if the government has not been able to change its method of governing for 40 years, surely we need a couple of years too.''

18 August 1987.
22 Breach Candy Lane

Looks like I should have invested all my money in Mastershares instead of trying to outperform a rather dead market. If the impressive trend line depicting the NAV of Mastershare is any indication, UTI is going to be a tough one to beat in the newly initiated world of money management. The slick report sent to all shareholders made no bones about the fact that the NAV of Mastershare appreciated by 10.5 per cent, while the ET index and the FE index declined by 5.3 per cent and 9.4 per cent respectively over the same period.

The critics of UTI, who continuously talk about the fact that UTI has the inherent advantage of being UTI, must realise that being a responsible institution also has its price. After all, barely three months ago, it was everybody selling and UTI buying. Looks like, the good guys ultimately win.

The rains, in any case, have decided to make an appearance, although it does seem ironical that the lakes in Bombay are overflowing while water is selling for a rupee per bucket in Madras. Which reminds me of the lopsidedness of this recovery, where the specified shares seem to be bogged down within some sort of technical range while the cash scrips are riding high.

There is growing evidence of a new strategy being followed by a new breed of young, analytical players that is primarily based on the fundamentals of a company. Apparently, if a newly listed company seems to be having a reasonable first year with potential for big profits in the second year of operations, a few big operators pick up the drifting shares in the market and start accumulating huge positions. The buying obviously pushes up the prices and causes other investors to move in which, in turn, allows the original discoverer of the share an opportunity to move out at a higher price.

There is an important difference between these sort of operations and the skyrocketing deals in Reliance and Orkay. The share price of these newly listed companies is undervalued in the market with respect to the company's earning capacity whereas, in the case of the high-flyers of 1985 and 1986, the share prices were way beyond the earnings capacity of the respective companies and were being pushed up by a sympathetic management. In fact, one such fundamental operation a few months ago created a commotion in the board room of the company whose shares were being picked up like hot cakes. Only many a personal visit to the management by the concerned operator satisfied it that the buyers were not funded by any NRIs or by any Isle of Man companies.

Well, as the market grows more and more professional and as more and more people start their own in-house research, we will get to the stage which seems to be plaguing New York and London, namely, the age of excessive information. Of course, it will take another 40 years to get there and by then, without commenting on the present idiotic situation, I can safely say that we will have another Prime Minister delivering the Independence Day speech. And for those of you who would like to call in the BBC, in London to get a chance to talk to your own Prime Minister but cannot because of the prohibitive cost, it would be a wise decision to pick up Mastershares at the ridiculously low price of nine to a dozen.

INDIAN INSTITUTE OF MANAGEMENT BANGALORE

Indian Institute of Management, Bangalore, offers the following Management Development Programmes during the month of OCTOBER, 1987.

TIME MANAGEMENT

October 9-10, 1987 Taj Mahal, Bombay
Faculty Leader Prof. J Philip

HIGHLIGHTS: Basic Concepts in Time Management * Identifying Time Wasters * Delegation * Managing Time in Meetings * Techniques of Time Analysis * Organisational Issues in Effective Time Management * Exercises in Time Management * Distinguishing 'Important' from the 'Urgent'.

PARTICIPATION: Senior Managers from Business, Industry and Government. It is expected that the Participants will be at least of the level of Departmental Heads.

Fee: Non-residential: Rs 1,200/-

FRONTIERS OF FINANCIAL MANAGEMENT

October 12-16, 1987 : Majorda Beach Resort, Goa
Faculty Leader : Prof. Prasanna Chandra

HIGHLIGHTS: Measuring Financial Condition and Performance * Financial Planning Models * Planning and Control of Working Capital * Modern Techniques of Capital Budgeting * Financial Strategies for Growth * Raising Finances in International Markets * Credit Rating * Leasing Security Evaluation * Portfolio Management * Tax Planning * Management Control Systems.

PARTICIPATION: Senior and Middle-level Finance and Accounts Executives.

Fee: Residential: Rs 5,000/-
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MANAGING THE SALES FORCE (PHARMACEUTICAL PRODUCTS)

October 12-16, 1987 : Southern Star, Ooty
Faculty Leader : Prof. R K Vijayasarathy

HIGHLIGHTS: Marketing Strategy * Finance for Region Office Management * Personal Selling Productivity * Behavioural Science Component * Input to Marketing Decision.

PARTICIPATION: Branch Managers, Divisional Managers, Zonal Managers, Area Managers, Regional Managers, District Managers and Field Sales Managers from Public and Private Sectors.

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October 12-16, 1987 : Harsha Hotel, Bangalore
Faculty Leader : Prof. Basu Ghosh

HIGHLIGHTS: Family Planning in the Context of Health and Development * Determinants of Fertility * India's Population Policy: An Appraisal * Supervisory Styles, Managerial Role and Participative Approach for Managerial Improvements * Management Information and Evaluation Systems * Operations Research in Family Planning.

PARTICIPATION: Top and Middle-management Personnel.

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MANAGEMENT INFORMATION AND REPORTING SYSTEM

October 19-22, 1987 : Hotel Ashok, Bangalore
Faculty Leader : Prof. S Ramaswamy

HIGHLIGHTS: Need for Integrated Management Information & Reporting Systems * Organisational Requirements for MIRS to be Effective * Computer & MIRS * MIRS for Marketing and Sales Function * MIRS for Materials Management Function * Presentation of MIRS at various levels of Management * MIRS for Finance and Accounting Function.

PARTICIPATION: Senior and Middle-level Executives from Public and Private Sectors from all Functional Areas of Management.

Fee: Residential: Rs. 4,000/-
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October, 1987 : Majorda Beach Resort, Goa.
Faculty Leader : Prof. P N Thirunarayana

HIGHLIGHTS: Guiding the Development of the Programme * The Programme should help the Participants to reflect on the choice of a Specific Strategy as related to Market, Product and Competitive Characteristics * To review Segmentation, Elements of the Marketing Mix, Industrial Communications Productivity, Marketing Planning Process for more Effectiveness in Industrial Marketing * The Type of Research the Management should ask for in order to Gauge the Changes in the Environment.

PARTICIPATION: Marketing Directors, General Managers — Marketing, Sales Managers, Product Managers and Branch Managers.

Fee: Residential: Rs 4,000/-
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Reliance

Diversification blues

Is there anything common between Metal Box, Larsen & Toubro, Brooke Bond, Escorts, Century Spinning....?

Yes. All these companies diversified into new businesses which were unrelated to their main business; and in all the cases the diversification projects turned out to be a burden on the main business.

Metal Box was a highly profitable manufacturer of metal containers until the mid-1970s when it diversified into the manufacture of ball bearings. Despite a large infusion of financial and managerial resources, the diversification project never took off. The bearing plant was finally sold to Tata Steel. In the process, the company also lost its blue chip status.

Profits eroded. The diversification by L&T into shipping — a business that was absolutely new to it — is eating away a large chunk of profits from its main operations. Brooke Bond and Escorts were alert enough to sell their meat-processing plant and dry dock respectively before they became an unbearable burden on their main business. Century Spg, a blue-chip textile manufacturer of yesteryears, can perhaps trace its recent loss of glamour to diversification into an unrelated business — cement.

Perhaps the only example in India of a reasonably sized company which has successfully diversified into an unrelated business is that of ITC. However, it is to be noted that the hotel business of this cigarette manufacturer was initiated in the early 1970s, and it became profitable only about a decade later. Management textbooks explain that all new businesses have a learning curve which no company can skip. Even the strategy to employ senior managers with relevant experience does not work immediately, as it takes time for managers to fit into a new environment.

Reliance Industries, a corporate high flier with many records to its credit has been a very successful trader/manufacturer in polyester yarn and fabric. The company is now diversifying into petrochemicals. Will this unrelated diversification be a commercial success?

Success factors. In order to make guesstimates about the future, it is useful to examine the factors which have contributed to the past success of Reliance Industries. A close analysis reveals three strategic elements: generation of good profits; playing on investor psychology, and, effective management of the government machinery.

A large chunk of the profits earned by Reliance in its recent growth years have come from polyester filament yarn and fabric. Trading operations in fabrics have contributed a lot to the rapid increase in sales, but not much to the company's profits.

Senior managers of most companies have a ready explanation for not being high performers — governmental constraints. Instead, Reliance Industries has taken good advantage of controls and managed to mould the government machinery to its advantage, rather than feel inhibited by it. Readers of the financial press are aware of dozens of examples — issue of industrial licences, changes in import policy and customs duties, customs clearance of imported plant and machinery, formulation of an investment scheme for non-resident Indians etc. — which speak eloquently of the excellent rapport which Reliance has maintained with the persons who matter.

> **Why has Reliance, which was always highly geared, all of a sudden decided to reduce its debt? Does it imply that the company is not faring well enough to cover interest charges?**

Finally, Reliance has played very well on investor psychology to make people part with huge chunks of their savings. Until the mid-1970s, companies used to raise money from the public by issuing equity shares or debentures at par. The issue of convertible debentures and equity shares at a premium were known, but not popular. Reliance has successfully exploited these instruments to build huge share premium reserves. Notmany realise that share premium reserves. Not many realise that Reliance are in excess of Rs 500 crores (after the G series conversion).

Tempting offer. The strategy followed by Reliance (and many others) has been to manage share prices at a high level and make an offer of convertible debentures or equity shares at a price which looks very tempting in relation to the prevailing market rates. The resultant subscription (and oversubscription) leads to a swelling of the share premium reserves. These can be capitalised to issue bonus shares, and thereby perpetuate the game of managing share prices. Insider trading and regulating the floating stock — by issuing certificates in non-marketable lots — are some of the other innovative techniques used by companies playing in the stockmarket.

Reliance expanded and diversified at will without any hurdles until the end of 1984. However, with the change in political leadership after the death of Mrs. Indira Gandhi, things began to change.

The income tax rule disallowing interest capitalisation was the first negative factor for the company. In the year 1985 the company had to reverse interest capitalised to the extent of Rs 8 crores. Other adverse developments followed. The ban imposed on conversion of E and F series debentures last year dealt a severe blow to the company's high flying plans. Such a conversion would have reduced its interest burden, and also helped it to build premium

Rights shares: sharp price drop after issue

(In Rs)

Company	Price 6 weeks before rights A	Rights price B	Notional benefit (A− B)	Price 6 weeks after rights C	Real benefit (C− B)
Atash Leasing	26	10	16	14	4
Ceat Tyres	67	25	42	67	42
Escorts	52	35	17	42	7
Mafatlal Ind	410	300	110	335	35
Mazda Ind	31	10	21	19	9
Oswal Agro	140	50	110	100	50
Photophone	66	25	41	47	22
Siyaram Silk	120	45	75	80	35
L&T	99	45	54	95	50

reserves from which the company could have declared a bonus.

To finance its diversification projects, the company issued the G series debentures in December 1986 with characteristic vigour and pomp. The prospectus, released in November 1986, declared that the profit of the company for the first six months of 1986 was Rs 22.56 crores, against Rs 30.41 crores in the whole of 1985. And, chairman Dhirubhai Ambani told the press that the profits in 1986 would be higher than in 1985. There were also other announcements about various diversification plans. The G series obviously received overwhelming response. The company was able to get even a big issue of Rs 500 crores oversubscribed at a time when the stockmarkets were depressed.

Severe jolt. However, the actual results for 1986 gave a very severe jolt to the company's large number of shareholders. It emerged that while the company's turnover had increased by 23 per cent, the gross profit was down by 31 per cent. Dividend was slashed by half to 25 per cent. The net profit at Rs 14.2 crores was just about sufficient to cover even the reduced dividend outflow of Rs 13.8 crores.

It is interesting to note that notwithstanding the fact that last year's profits were at sharp variance with what the chairman had assured the public as late as in November 1986, he has again expressed optimism about the future. Commenting on the current year's performance, he has stated that the company's profits would "definitely show a sharp increase" this year. In fact he has even drawn repeated attention to the company' reserves (which would be about Rs 742 crores on an equity of Rs 69 crores due to conversion of the G series at a premium) and pointed to the possibility of a bonus issue in the near future.

There has been heavy selling pressure on Reliance shares ever since the publication of many damaging reports in the press. To counter this pressure, the company appears to have followed a strategy of regulating the floating stock of its shares both before and after the issue of the G series debentures. Astute investors will observe that the issue of the G series has been made in lots of 10. This has important implications. The share certificates which most investors will hold in their hands after conversion will not be in marketable lots. In the past, the company has delayed splitting/consolidation of share certificates whenever it wanted to regulate floating stock. One can therefore expect a large differential in the price of old equity shares and the price of G series debentures, or their corresponding new equity shares.

Heavy interest burden. Earlier the company had planned conversion of the G series debentures in February 1988. The corresponding shares would then have become *pari passu* only in 1989, or even 1990. This would have further regulated the floating stock. However, later the company seems to have realised that the heavy interest burden was taking a toll on its liquidity. The interest which increased from Rs 24 crores in 1985 to Rs 54 crores in 1986 would now increase to Rs 121.5 crores. The company is finding it extremely difficult to generate enough cash to meet its liabilities. It is reported that even after the company has collected more than Rs 500 crores from the public, there are long delays in payments to contractors and suppliers. In this context, it is pertinent to note that the company is trying to sell a part of its assets to a financial institution and get them back on lease. This will also improve cash flow.

Will Reliance's diversification into an unrelated field pay off? Perhaps with the sole exception of ITC, most Indian companies that have attempted such a strategy have found this a burden on their main business

The company therefore seems to have evolved a new strategy — that of an early conversion of the G series to ease the strain on liquidity and profit. The preponement of the outstanding G series has already been permitted by the Controller of Capital Issues. Against the earlier date of 5 February 1988, the conversion will now take place on 31 July 1987. This will help the company to save Rs 33 crores on interest, while the dividend payment on such converted shares at the current rate of 25 per cent would work out to only Rs 5.37 crores pro rata. The eventual cash saving to the company will be Rs 27.63 crores. The saving in interest would obviously be at the cost of an expanded capital which may put the shareholders at a disadvantage in the longer run. The capital after the G series conversion would increase to around Rs 120 crores (assuming all the debenture holders exercise the option for early conversion).

The company is also prodding the debenture holders to exercise the conversion option by offering a rights issue of equity shares in the ratio of 1:2 at Rs 62.5 per share. Those who do not opt for early conversion of the G series debentures would not be entitled to the rights issue.

The big question today is: Will the company be able to serve this expanded capital?

In the short run, the company will benefit from the premium reserve arising from conversion of the G series, and it can even declare a bonus out of it. In the long run, much will depend on the gestation period of the company's new projects, and the profit from its existing operations.

Significant question. As everybody knows, debt as a means of financing is much cheaper than equity. A significant question which arises is: why has Reliance, which was always highly geared, all of a sudden decided to reduce its debt? Does it imply that the company is not faring well enough to cover interest charges in spite of the chairman's assurance that profits for 1987 are going to rise substantially.

The proposed capital expenditure on the new PTA and LAB projects is reported to have gone up substantially due to a variety of reasons — further capacity expansion, hikes in project import duty and cost overruns. This is now expected to go up to around Rs 700 crores as compared with an earlier estimate of about Rs 500 crores.

Contrary to its normal style, the company has been vague about the date of commissioning of its PTA and LAB projects. Certain raw material problems for these projects are still unresolved. In any case, petrochemical projects have a gestation period of two to four years. The investors *cannot* therefore realistically expect any significant profits from the company's petrochemicals projects at least during the next one or two years.

It has been observed that share prices climb new peaks just before the rights issue, and then drop sharply after the issue is over. The table examines the price behaviour of companies which have made a rights issue. This has been done for a period of six weeks before and six weeks after the issue. As can be seen in most cases, the real benefit from subscribing to a rights issue is much lower than the notional benefit.

Forecasting share prices trends is extremely difficult, more so in the case of Reliance. Besides fundamentals, many other intangible factors influence share prices. For Reliance, the state of its rapport with New Delhi is an important consideration. With the appointment of N. D. Tiwari as finance minister, business circles now expect policies more favourable to Reliance. But the political situation is still uncertain, and a lot will depend on which way the tide turns in the next few months.

EBRAHIM Y. RANGOONWALA

The author is a chartered accountant and heads the investment research division at Aridhi Investment Consultants (P) Ltd, Bombay

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Brother

Stockmarkets

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 14.8.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
		(Rs in crores)				High	Low					Yr	Ratio
ALUMINIUM		**48.59**	**82.43**		**304.38***			**15.81**	**30.35**		**2.16**		
Alum Ind (10)	03 86	2.70	0.20	10.74	4.00	5.75	4.00	–87.04	0.00	0.00	0.00	66	1 : 7
Hindalco (10)	12 86	13.39	41.83	41.24	127.00	143.00	94.00	28.83	44.06	15.00	1.18	86	1 : 2
Indal (10)	12 86	32.50	40.40	22.43	41.00	54.00	29.00	18.98	21.60	14.00	3.41	77	2 : 5
AUTO-ANCILLARIES		**66.81**	**65.94**		**302.43***			**29.52**	**15.34**		**2.25**		
Auto Corp (10)	03 86	2.35	1.72	17.32	30.00	36.00	19.00	38.30	7.83	15.00	5.00		
Bharat Gears(10)	07 85	2.03	6.44	41.72	20.50	28.00	14.00	26.11	7.85	18.00	8.78		
Gabriel (10)	05 86	2.64	3.26	22.35	16.00	21.50	12.00	41.29	3.88	10.00	6.25	78	3 : 2
Goetze (10)	06 86	6.93	8.55	22.34	35.00	52.00	31.00	46.03	7.60	20.00	5.71		
Hind Ferodo (10)	12 86	5.50	0.58	11.05	26.00	27.00	17.50	0.36	715.00	0.00	0.00	83	4 : 5
Kalyani Brks (10)	06 85	3.88	0.00	10.00	15.00	16.00	8.00	0.00	0.00	0.00	0.00		
Mico (100)	12 86	38.04	35.99	194.61	565.00	565.00	167.50	32.60	17.33	10.00	1.77	86	1 : 1
Sund Fast (10)	03 86	3.19	8.67	37.18	65.00	65.00	41.00	35.42	18.35	20.00	3.08	81	2 : 3
ZF Steering (10)	06 86	2.25	0.73	13.24	31.00	43.00	16.00	20.44	15.16	0.00	0.00		
AUTO-CAR/JEEP/TRAC		**65.57**	**167.37**		**198.01***			**56.29**	**536.00**		**5.81**		
Hind Motors (10)	03 86	26.32	54.01	30.52	20.50	35.00	20.00	58.89	3.48	12.00	5.85	86	1 : 1
Man & Mah (10)	10 86	19.26	63.27	42.85	48.50	61.00	38.00	42.26	11.48	20.00	4.12	84	2 : 3
Prem Auto (100)	06 86	16.14	37.52	33.25	28.00	29.50	17.00	71.00	3.94	25.00	8.93	86	1 : 1
Punjab Trac (10)	11 85	1.54	8.59	65.78	17.00	17.00	10.50	51.30	3.31	14.00	8.24	81	2 : 5
Stan Motors (10)	12 86	2.31	3.98	27.23	12.25	15.75	11.70	44.16	2.77	10.00	8.16		
AUTO-LIGHT TRUCK		**58.62**	**51.14**		**85.89***			**14.50**	**10.10**		**0.95**		
Allwyn Nis (10)	06 86	16.54	0.00	10.00	6.00	7.00	3.00	0.00	0.00	0.00	0.00		
Bajaj Tempo (10)	09 86	6.58	40.99	72.29	76.25	100.00	62.50	129.18	5.90	12.50	1.64	85	1 : 1
DCM Toyo (10)	06 86	15.00	0.15	10.10	9.00	10.00	6.00	0.00	0.00	0.00	0.00		
Eicher Mot (10)	00 00	10.00	10.00	20.00	6.00	10.00	5.00	0.00	0.00	0.00	0.00		
Swaraj Maz (10)	00 00	10.50	0.00	10.00	6.00	6.50	0.00	0.00	0.00	0.00	0.00		0 : 0
AUTO-HVY TRUCK		**74.57**	**231.10**		**325.91***			**11.94**	**36.62**		**2.68**		
Ash Leyland (10)	12 86	21.39	68.18	41.87	38.00	40.00	27.00	27.91	13.62	16.00	4.21	78	1 : 2
Telco (100)	03 87	53.18	162.92	406.36	460.00	665.00	350.00	5.51	83.49	10.00	2.17	82	2 : 5
AUTO 2/3 WHEEL		**59.67**	**180.61**		**649.40***			**93.67**	**10.72**		**1.15**		
A.P. Scooters (10)	07 86	9.12	0.24	10.26	4.00	4.00	0.00	40.02	1.00	0.00	0.00		
Bajaj Auto (100)	06 86	9.41	127.50	1454.94	5150.00	5250.00	3950.00	414.13	12.44	50.00	0.97	84	1 : 1
Enfield (10)	06 86	3.12	8.41	36.96	11.50	19.50	8.50	61.54	1.87	15.00	13.04	84	1 : 1
Hero Honda (10)	06 86	12.00	1.15	10.96	21.00	31.00	16.00	9.58	21.91	0.00	0.00		
Kinetic Eng (10)	06 86	1.20	12.78	116.50	250.00	310.00	175.00	317.50	7.87	30.00	1.20	83	1 : 1
Kinet Honda (10)	01 87	10.00	2.35	12.35	27.50	40.00	15.00	-45.60	00.00	0.00	0.00		
Maha Scoot (10)	06 86	1.43	8.08	66.50	180.00	195.00	125.00	269.93	6.67	35.00	1.94	83	3 : 7
Sund Clay (10)	05 86	5.69	19.58	44.41	66.00	71.50	54.00	100.88	6.54	25.00	3.79	83	1 : 1
TVS Suzuki (10)	08 86	7.70	0.52	10.68	15.00	26.00	11.50	19.09	7.86	0.00	0.00		
BEARINGS		**26.08**	**38.58**		**186.14***			**42.18**	**16.92**		**1.75**		
Anti-Friction (10)	03 86	3.00	3.95	23.17	14.00	16.00	9.00	7.67	18.26	8.00	5.71	83	1 : 2
Assoc Bear (100)	12 86	12.34	26.05	311.10	1325.00	1410.00	500.00	74.80	17.71	20.00	1.51	86	2 : 5
Bimetal (10)	06 85	1.91	6.07	41.78	71.00	71.00	42.00	71.73	9.90	21.00	2.96	81	1 : 2
Fag Prec (100)	12 86	2.00	3.42	271.00	107.50	225.00	107.50	8.50	12.65	7.50	6.98		
Karna Ball (10)	06 85	6.83	–0.91	8.67	4.00	7.00	3.50	0.00	0.00	0.00	0.00		
CEMENT		**93.84**	**212.30**		**217.66***			**41.44**	**5.17**		**4.58**		
ACC (100)	11 86	2.98	3.41	214.43	180.00	373.00	138.00	63.76	2.82	2.50	1.39	85	1 : 5
Andhra Cem (10)	03 86	9.51	10.80	21.36	13.50	23.00	11.00	23.55	5.73	15.00	11.11	67	1 : 2
Bagalkot (10)	09 86	1.00	4.00	50.00	23.00	32.00	21.00	48.00	4.79	15.00	6.52		
Birla Jute (10)	03 86	20.38	70.02	44.36	48.00	58.00	46.00	72.08	6.66	16.00	3.33	86	1 : 1
Guj. Ambuja (10)	06 86	17.91	0.00	10.00	12.50	15.00	8.50	0.00	0.00	0.00	0.00		
India Cem (10)	03 87	4.90	20.51	51.86	15.00	25.50	13.00	33.88	4.43	12.00	8.00	70	2 : 5
Mad Cem (100)	12 86	3.02	23.27	870.53	600.00	825.00	505.00	142.05	4.22	25.00	4.17		
Mang Cem (10)	12 86	7.11	10.38	24.60	14.50	22.50	13.00	29.82	4.86	15.00	10.34		
Mysore Cem (10)	06 86	4.99	15.98	42.02	32.00	35.00	23.00	34.07	9.39	17.50	5.47	85	2 : 5
Narm Cem (10)	12 85	14.00	0.15	10.11	4.00	7.25	4.00	–22.64	0.00	0.00	0.00		
Orissa Cem (10)	12 86	2.70	29.90	120.74	35.00	35.00	16.50	291.48	1.20	30.00	8.57	85	1 : 5
Raasi Cem (10)	06 86	5.34	23.88	54.72	19.00	28.00	10.00	95.69	1.99	18.00	9.47		
CHEMICALS		**236.68**	**391.38**		**1257.22***			**45.12**	**11.54**		**3.56**		
BASF (10)	12 86	2.84	9.52	43.52	101.25	110.00	65.00	46.48	21.78	18.00	1.78	79	1 : 1
Bayer (100)	12 86	8.11	17.45	315.17	390.00	785.00	385.00	65.97	5.91	25.00	6.41		
Cam & All (100)	12 86	2.60	4.58	276.15	175.00	210.00	150.00	25.38	6.89	18.00	10.29	82	1 : 3
Chloride (10)	08 86	12.90	16.21	22.57	85.00	98.00	66.00	69.53	12.22	39.00	4.59	86	3 : 5
Citurgia (10)	03 87	5.25	7.05	23.43	70.00	74.00	53.00	46.29	15.12	22.00	3.14		
Deepak Nit (10)	10 86	2.43	3.40	23.99	37.00	40.00	20.50	25.10	14.74	14.00	3.78	86	1 : 2
Gujarat Alk (10)	03 87	8.93	24.78	37.75	59.00	59.00	8.52	33.93	17.39	26.00	4.41	85	1 : 5
Gujrat Petro (10)	05 86	2.94	0.31	11.05	30.00	31.00	17.50	22.45	13.36	11.00	3.67		
Herdillia (10)	06 86	7.35	13.65	28.57	47.00	47.00	29.50	47.76	9.84	18.00	3.83		
Hico Prod (10)	12 86	2.49	4.74	29.04	23.00	23.00	10.00	2.41	95.45	10.00	4.35		
IEL (10)	09 86	40.87	72.54	27.75	51.00	63.00	45.00	47.49	10.74	22.50	4.41		
Ind Oxygen (10)	09 85	14.60	12.90	18.84	41.25	62.50	39.00	27.81	14.83	16.00	3.88	85	1 : 3
Indrol (10)	06 86	2.54	10.06	49.61	267.50	340.00	160.00	90.55	29.54	25.00	0.93		
ION Exch (10)	04 85	0.96	2.39	34.90	100.00	146.00	58.00	60.42	16.55	20.00	2.00		
Modi Alkalies (10)	04 85	10.64	–0.61	9.43	6.50	10.00	5.00	0.00	0.00	0.00	0.00		
Nat Perox (100)	03 87	2.28	8.44	470.18	1425.00	1575.00	710.00	133.77	10.65	30.00	2.11		
Nocil (100)	12 86	36.00	45.43	226.19	455.00	460.00	410.00	46.47	9.79	18.00	3.96	86	1 : 2
PIL (100)	12 86	12.87	24.43	289.82	870.00	920.00	590.00	54.93	15.84	23.00	2.64	82	1 : 3
Punjab Alk (10)	06 85	9.99	2.77	12.77	6.50	7.50	4.00	–15.12	0.00	0.00	0.00		
Syn & Chem (100)	03 87	5.81	4.37	175.22	260.00	262.50	75.00	20.83	12.48	15.00	5.77		
Tata Chem (10)	03 87	27.19	97.55	45.88	72.00	94.00	61.00	83.12	8.66	25.00	3.47	85	2 : 5
Tuti Alkalies (10)	12 86	12.93	0.00	10.00	13.00	16.50	8.00	–5.41	0.00	0.00	0.00		
Vam Org (10)	04 86	4.16	9.42	32.64	95.00	108.00	64.00	129.33	7.35	20.00	2.11		
CIGARETTES		**42.63**	**56.34**		**186.21***			**38.99**	**11.20**		**5.91**		
Godfrey Phil (10)	12 86	2.60	3.24	22.46	15.00	15.00	0.00	26.54	5.65	15.00	10.00	75	1 : 1
GTC (10)	12 86	2.60	3.74	24.38	14.50	19.00	13.00	26.54	5.46	15.00	10.34	72	1 : 4
ITC (10)	06 86	33.17	38.42	21.58	51.00	77.00	39.00	38.41	13.28	27.50	5.39	81	1 : 5
VST Ind (10)	09 86	4.26	10.94	35.68	22.00	30.00	19.00	58.69	3.75	26.00	11.82	77	3 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 14.8.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
		(Rs in crores)				High	Low					Yr	Ratio
COMPUTERS		**6.97**	**9.22**		**53.07***			**47.92**	**15.89**		**3.54**		
ICIM (10)	12 86	2.50	4.37	27.48	22.00	28.00	15.00	38.00	5.79	16.00	7.27		
P S.I Data (10)	06 86	1.34	0.57	14.25	28.00	32.00	22.00	18.66	15.01	17.00	6.07		0 : 0
Tata Unisys (10)	12 86	3.13	4.28	23.67	140.00	225.00	127.50	68.37	20.48	40.00	2.86		
CONSTRUCTION		**18.73**	**60.10**		**131.79***			**39.51**	**14.10**		**2.75**		
Cemindia (10)	09 86	1.28	3.84	40.00	120.00	135.00	63.75	85.16	14.09	24.00	2.00	84	3 : 5
Gammon (10)	07 86	2.16	12.81	69.31	77.00	79.50	27.00	93.06	8.27	25.00	3.25	82	2 : 5
Hind Dorr-Ol (10)	11 86	2.38	7.85	42.98	247.50	407.50	156.25	164.71	15.03	35.00	1.41	86	1 : 1
Hind Const (10)	07 86	6.30	20.57	42.65	8.50	13.00	8.00	-30.95	0.00	15.00	17.65	83	1 : 1
Sae (10)	12 86	1.80	6.82	47.89	120.00	167.50	75.00	21.67	55.38	12.50	1.04	83	1 : 1
W.I.E. (10)	09 86	4.81	8.21	27.07	29.00	35.50	16.00	40.33	7.19	16.00	5.52	83	3 : 5
COSME & TOILET		**123.38**	**120.53**		**1408.42***			**46.68**	**24.46**		**3.02**		
Colgate (10)	12 86	15.72	6.37	14.05	238.75	242.50	163.75	63.23	37.76	52.00	2.18	85	1 : 1
Hind Lever (10)	12 86	93.32	71.90	17.70	90.00	106.00	88.00	41.87	21.50	34.00	3.78	83	3 : 5
Lakme (10)	06 86	1.83	5.18	38.31	123.75	141.25	92.50	80.87	15.30	25.00	2.02	85	2 : 5
Oswal Agro (10)	06 85	2.87	6.77	33.59	97.50	147.50	72.50	91.99	10.60	32.00	3.28		
Ponds (10)	06 86	3.31	11.98	46.19	365.00	380.00	222.50	96.07	37.99	27.50	0.75	84	1 : 1
Tomco (25)	03 87	6.33	18.33	97.39	86.00	104.00	72.00	20.22	17.01	6.00	1.74	81	2 : 5
COTT & WOL TEXT		**92.08**	**255.75**		**543.98***			**44.83**	**11.02**		**3.86**		
Ahm Calico (125)	06 86	13.56	22.74	334.62	56.00	97.00	53.00	-59.59	00.00	0.00	0.00	77	1 : 7
Bom Dyeing (25)	09 85	11.24	31.71	95.53	118.00	121.50	40.50	24.56	19.22	7.00	1.48	79	1 : 1
Khatau Spg (100)	12 86	3.37	10.74	418.69	150.00	312.50	125.00	5.34	28.08	10.00	6.67	79	1 : 2
Madura Cots (10)	06 86	21.81	30.21	23.85	66.00	74.00	64.00	64.83	10.18	25.00	3.79	86	1 : 2
Mafat Fine (100)	03 87	6.48	16.38	352.78	237.50	300.00	200.00	41.36	5.74	17.00	7.16		
Mafat Ind (125)	03 87	8.10	40.71	753.24	320.00	420.00	305.00	79.88	3.20	1.76	0.69	78	1 : 5
Morarjee (10)	06 86	4.20	8.95	31.31	350.00	550.00	350.00	110.71	31.61	200.00	5.71	81	1 : 2
Raymond (10)	03 87	11.24	53.80	57.86	102.00	109.00	24.00	101.16	10.08	25.00	2.45	82	3 : 5
Shri Dinesh (100)	06 85	1.03	7.94	870.87	585.00	590.00	320.00	217.48	2.69	20.00	3.42	76	1 : 1
Stan Mills (100)	12 86	11.05	32.57	394.75	290.00	532.50	280.00	44.07	6.58	16.00	5.52	82	2 : 5
DIVERSIFIED		**223.35**	**642.82**		**1204.45***			**48.23**	**10.79**		**18.81**		
Ahmed Adv (100)	06 86	3.46	3.18	191.91	180.00	180.00	00.00	32.95	5.46	0.00	0.00	81	1 : 3
Century (100)	12 86	26.62	117.19	540.23	675.00	750.00	600.00	59.95	11.26	20.00	2.96		2 : 3
D C M (10)	06 86	23.02	52.50	32.81	35.00	41.00	24.25	23.85	14.68	800.00	228.57		
EID Parry (10)	06 86	6.28	4.31	16.86	21.50	23.25	16.25	16.72	12.86	10.00	4.65		0 : 0
Escorts (10)	12 86	13.38	62.38	56.62	40.00	60.00	35.00	60.84	6.57	22.00	5.50	86	1 : 1
Forbs Camp (10)	06 86	4.25	3.83	19.01	37.50	60.00	30.00	22.82	16.43	20.00	5.33	82	2 : 5
Hind Devel (10)	12 86	8.20	72.15	97.99	87.00	97.00	67.00	91.95	9.46	20.00	2.30	86	1 : 1
Hyd Allwyn (10)	07 86	18.51	8.93	14.82	9.00	15.00	5.00	15.24	5.91	14.00	15.56		
Kesoram (10)	03 87	8.85	51.42	68.10	60.50	62.00	44.00	80.79	7.49	100.00	16.53	80	1 : 2
L & T (10)	09 86	51.97	132.36	35.47	80.50	98.00	67.00	59.01	13.64	17.00	2.11	86	3 : 5
Lohia (10)	10 86	13.50	8.64	16.40	15.00	34.00	13.00	34.74	4.32	20.00	13.33	80	4 : 5
Mac & Mag (10)	06 86	2.74	8.56	41.24	43.25	43.25	32.75	16.42	26.33	7.00	1.62		
Modi Ind (10)	03 85	2.17	11.90	64.84	24.00	31.50	17.00	162.67	1.48	18.00	7.50	69	1 : 5
Rallis (100)	05 86	5.64	16.58	393.97	850.00	900.00	500.00	76.42	11.12	25.00	2.94	77	3 : 10
Reck & Col (10)	01 87	4.20	9.13	31.74	206.00	218.00	147.00	99.05	20.80	25.00	1.21	85	2 : 5
Straw Prod (10)	12 86	10.14	32.68	42.23	44.00	57.00	39.00	63.21	6.96	20.00	4.55	72	1 : 2
Texmaco (10)	12 86	1.87	11.06	89.14	20.50	27.25	14.25	–208.56	0.00	0.00	0.00		
Voltas (100)	08 86	12.78	21.36	267.14	292.50	300.00	200.00	24.41	11.98	10.00	3.42	81	1 : 4
Zenith (10)	06 86	5.77	14.66	34.41	65.00	72.00	41.00	69.67	9.33	30.00	4.62	79	1 : 4
DYESTUFFS		**9.80**	**26.27**		**50.26***			**56.63**	**9.06**		**3.32**		
Coates (10)	10 85	1.11	1.75	25.77	60.00	60.00	00.00	45.05	13.32	21.00	3.50	86	1 : 5
Col-Chem (100)	03 87	7.94	10.68	234.51	525.00	525.00	265.00	42.44	12.37	18.00	3.43		
Ind Dyest (100)	03 87	0.75	13.84	1945.33	255.00	265.00	165.00	2.24	1.14	140.00	0.55	80	1 : 4
ELECTRICALS		**81.59**	**163.88**		**400.00***			**28.03**	**17.49**		**2.40**		
Asea (10)	12 86	3.00	4.18	23.93	60.00	100.00	52.00	16.67	36.00	15.00	2.50	80	1 : 3
Asian Cab (100)	12 86	3.06	5.00	263.40	500.00	500.00	230.00	41.83	11.95	1.70	0.34	81	1 : 3
Best & Crom (10)	12 86	4.50	17.45	48.78	36.00	57.00	28.00	20.22	17.80	15.00	4.17	82	3 : 5
Eng Elec (10)	03 86	4.50	15.13	43.62	135.00	138.00	60.00	98.00	13.78	27.50	2.04	80	1 : 1
GEC (10)	03 86	7.20	15.91	32.10	36.60	66.25	36.60	33.75	10.84	15.00	4.10	72	2 : 1
Genelec (10)	06 86	2.16	4.06	28.80	67.50	247.50	62.50	90.28	7.48	25.00	3.70	84	1 : 1
Hind Brown (100)	04 86	4.00	10.07	351.75	235.00	420.00	230.00	35.75	6.57	15.00	6.38	78	1 : 3
Math & Platt (10)	06 86	6.40	5.67	18.86	90.00	102.50	65.00	49.38	18.23	17.00	1.89	86	1 : 1
Punj Anand (10)	09 85	0.80	0.22	12.75	5.50	10.50	5.50	21.25	2.59	5.10	9.27		
Siemens (10)	9 86	10.80	32.74	40.31	94.00	112.00	68.00	39.26	23.94	16.00	1.70	82	1 : 2
Stand Batt (100)	06 85	1.02	4.56	547.06	500.00	500.00	500.00	114.71	4.36	18.00	3.60	70	1 : 5
Uni Carb (10)	12 85	32.58	36.11	21.08	21.50	21.50	12.00	0.40	538.82	5.00	2.33	80	1 : 2
W.S. Insul (10)	09 85	1.57	12.59	90.19	30.00	36.00	27.00	69.43	4.32	18.00	6.00		
ELECTRICITY		**61.17**	**258.80**		**108.49***			**43.24**	**4.10**		**9.13**		
Ahmd Elec (100)	03 86	15.10	56.46	473.91	175.00	175.00	132.00	30.53	5.73	16.00	9.14		
And Valley (100)	03 86	9.32	25.72	375.97	175.00	192.50	155.00	19.10	9.16	16.00	9.14	75	1 : 9
B.S.E.S. (100)	03 86	5.85	56.21	1060.85	152.50	190.00	137.50	108.38	1.41	18.00	11.80	81	1 : 3
Cal Elec (10)	03 86	8.44	54.96	75.12	15.50	16.20	13.20	111.85	1.39	16.00	10.32		
Tata Hydro (100)	03 86	6.55	18.38	380.61	170.00	200.00	160.00	18.63	9.13	16.00	9.41	75	1 : 12
Tata Power (100)	03 86	15.91	47.07	395.85	205.00	310.00	200.00	19.23	10.66	16.00	7.80	75	1 : 54
ELECTRONICS		**45.64**	**33.43**		**169.82***			**-5.72**	**0.00**		**2.79**		
Gramophone (10)	03 85	1.80	–2.81	–5.61	8.25	11.50	5.87	-262.78	0.00	0.00	0.00	76	3 : 1
Nelco (100)	12 86	3.18	0.24	107.55	120.00	131.25	60.00	–39.31	0.00	0.00	0.00		
Peico (10)	12 86	33.32	31.40	19.42	40.50	57.50	36.00	1.41	287.12	10.00	2.47	82	1 : 5
Samtel (10)	12 86	3.03	3.62	21.95	73.75	77.50	13.75	74.26	9.93	25.00	3.39		
Usha Rect (10)	12 86	4.31	0.98	12.27	16.75	24.50	9.85	15.08	11.11	15.00	8.96	83	7 : 8
ENGINEERING		**143.79**	**237.63**		**984.57***			**38.51**	**16.04**		**1.86**		
Alfa Laval (10)	12 86	5.21	13.21	35.36	72.50	75.00	45.00	38.58	18.79	16.00	2.21	86	1 : 2
Andrew Yule (10)	03 86	7.53	12.45	26.53	22.50	24.50	16.00	31.08	7.24	10.00	4.44	67	2 : 5
Atlas Copco (10)	12 85	4.83	8.53	27.66	72.00	156.00	72.00	43.27	16.64	16.00	2.22	82	1 : 1
Avery India (10)	12 85	4.20	5.62	23.38	152.00	167.00	112.00	59.52	25.54	35.00	2.30		
C.P. Tools (10)	01 87	4.57	7.57	265.65	810.00	870.00	370.00	50.77	15.96	18.00	2.22	82	1 : 1
Elecon Engg (10)	12 86	3.53	25.13	81.19	67.50	125.00	57.00	118.98	5.67	22.00	3.26	81	1 : 2
Facit Asia (10)	06 86	1.91	2.17	21.36	32.00	36.00	00.00	45.55	7.03	15.00	4.69	86	2 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res (Rs in crores)	Book value (Rs.)	Market Price (Rs.) on 14.8.87	1987 High	1987 Low	EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus Yr	Last bonus Ratio
Flakt (10)	12/86	3.40	2.05	16.03	57.50	267.50	10.88	35.88	16.02	18.00	3.13	86	1 : 3
GKW (10)	12/86	24.06	20.60	18.56	11.00	15.40	10.60	2.16	50.90	5.00	4.55	83	1 : 3
IAEC (10)	09/85	0.74	1.70	32.97	12.00	19.50	9.00	20.27	5.92	12.00	10.00	853 : 5	
Ind Sewing (10)	06/86	2.00	7.43	47.15	67.50	67.50	48.75	327.00	2.06	20.00	2.96		
Inger Rand (10)	12/86	7.90	13.25	26.77	342.50	360.00	265.00	97.09	35.28	25.00	0.73	85	1 : 1
Kelvinator (10)	06/86	3.55	17.59	59.55	38.00	54.00	32.00	94.93	4.00	15.00	3.95	84	1 : 1
Kirl Cumm (100)	09/86	13.20	45.67	445.98	53.75	97.50	40.00	60.98	0.88	20.00	37.21	83	1 : 1
Kirl Oil (10)	06/86	5.75	12.98	32.57	18.00	20.50	13.00	59.83	3.01	12.50	6.94		
Kirl Pneu (10)	09/85	3.85	3.37	18.75	11.50	12.00	9.00	3.64	31.62	0.00	0.00		
KSB Pumps (10)	12/86	4.36	7.62	27.48	407.50	412.50	220.00	117.20	34.77	20.00	00.49	86	1 : 1
Metalbox (10)	03/86	12.23	6.67	15.45	10.50	17.00	9.00	11.53	9.11	0.00	0.00		
Modi Xerox (10)	04/86	12.48	0.00	10.00	19.50	27.00	12.00	-48.00	0.00	0.00	0.00		
Otis (10)	11/86	5.04	7.05	23.99	212.50	250.00	155.00	56.35	37.71	22.50	1.06	85	1 : 1
Rem Rand (10)	03/86	2.67	3.30	22.36	27.00	33.00	21.00	39.33	6.87	18.00	6.67	86	1 : 2
Sandvik (100)	12/86	5.77	5.13	188.91	1000.00	1000.00	745.00	27.90	35.84	20.00	2.00	84	1 : 1
Tata Robins (10)	03/87	2.01	3.21	25.97	35.00	47.00	26.00	29.85	11.72	16.00	4.57	77	1 : 4
Walchand (10)	03/86	3.00	5.33	27.77	13.50	21.00	11.00	44.00	3.07	16.00	11.85	82	1 : 2
FERTILISERS		202.66	432.52		874.16*			71.67	6.02		4.30		
Coromandel (10)	03/86	16.21	47.96	39.59	44.00	65.00	39.00	62.80	7.01	20.00	4.55		1 : 2
Deepak Fert (10)	12/86	11.50	2.05	11.78	35.00	46.50	33.00	51.30	6.82	15.00	4.29		
Dharam Mor (50)	12/86	6.42	10.20	25.89	25.00	36.00	23.00	25.70	9.73	20.00	8.00		
GNFC (10)	06/86	88.98	93.05	20.46	33.50	60.50	33.00	81.42	4.11	18.00	5.37		
GSFC (10)	12/86	20.70	142.40	78.79	102.00	183.50	71.00	111.01	9.19	27.00	2.65	83	1 : 4
Mangal Fert (10)	12/86	12.42	13.87	21.17	25.00	39.50	23.00	87.44	2.86	12.00	4.80		
SPIC (10)	12/86	34.00	74.84	32.01	38.00	56.00	34.00	36.94	10.29	15.00	3.95	86	1 : 1
Zuari Agro (10)	12/86	12.43	48.15	48.74	62.00	88.00	56.00	69.75	8.89	25.00	4.03		
FOOD PRODUCTS		50.20	120.25		836.69*			93.75	17.78		1.77		
Britannia (10)	11/86	8.85	19.59	32.14	125.00	135.00	83.00	83.16	15.03	27.00	2.16	87	2 : 5
Corn Prod (10)	9/86	0.75	1.09	24.53	40.00	65.00	21.25	65.33	6.12	14.00	3.50	78	1 : 4
Food Spec (10)	12/86	19.08	14.36	17.53	170.00	190.00	112.50	54.56	31.16	32.50	1.91	86	1 : 1
Hind Cocoa (10)	06/86	4.20	8.17	29.45	237.50	262.50	168.75	79.52	29.87	28.00	1.18	85	2 : 3
HMM (10)	04/87	7.09	25.29	45.67	307.50	325.00	202.50	298.87	10.29	55.00	1.79	85	3 : 8
McDowell (10)	06/86	6.40	37.02	67.84	98.50	98.50	20.75	22.03	44.71	10.00	1.02	86	1 : 1
Milk Food (10)	12/85	0.57	3.31	68.07	65.00	72.50	35.00	131.58	4.94	15.00	2.31		
Skol Brew (10)	06/85	1.26	1.45	21.51	50.00	50.00	30.00	62.70	7.97	10.00	2.00	82	2 : 5
United Brew (10)	06/86	2.00	9.97	59.85	39.50	41.00	27.50	66.00	5.98	10.00	2.53	75	1 : 1
IRON & STEEL		132.03	460.12		894.61*			92.78	7.26		2.78		
Bihar Alloy (10)	12/86	7.00	10.90	25.57	13.50	18.00	9.00	11.43	0.00	0.00	0.00		
Ipitata (10)	00/00	12.00	0.00	10.00	17.00	90.00	12.00	0.00	0.00	0.00	0.00		
Jindal Iron (10)	09/86	1.68	0.22	11.31	14.00	21.00	8.00	7.14	19.60	10.00	7.14		
Kalyani Steel (10)	08/86	1.12	6.27	65.98	292.50	310.00	110.00	222.32	13.16	25.00	0.85	83	1 : 1
Mah Ugine (10)	06/86	7.30	14.38	29.70	71.00	71.00	27.00	57.40	12.37	15.00	2.11		
Mukand (10)	6/86	9.83	9.17	19.33	86.00	89.50	62.00	51.68	16.64	15.00	1.74	0.00	0 : 0
Rathi Alloys (10)	06/86	2.88	4.11	24.27	14.00	17.50	8.00	46.53	3.01	10.00	7.14		
Spec Steel (100)	12/86	7.59	3.98	152.44	780.00	800.00	270.00	139.13	5.61	12.00	1.54		
Tisco (100)	03/87	82.63	401.09	585.40	762.50	810.00	590.00	120.44	6.33	25.00	3.28	82	2 : 5
LEASING & FIN		29.69	25.20		55.36*			46.14	4.04		10.91		
20th Cent (10)	11/86	6.34	10.86	27.13	20.00	35.00	16.00	59.78	3.35	27.00	13.50	85	2 : 5
Cifco (10)	00/00	4.00	0.00	10.00	8.00	11.00	6.00	0.00	0.00	0.00	0.00		
First Leas (10)	11/85	1.25	2.89	33.12	17.00	27.50	14.00	89.60	1.90	21.00	12.35		
Mazda Leas (10)	06/86	2.45	1.14	14.65	24.00	31.00	14.00	51.84	4.63	22.50	9.38		
Nagarju Fin (10)	09/86	2.44	1.92	17.87	12.50	16.00	10.00	54.92	2.28	23.00	18.40		
Press Leas (10)	09/86	2.46	1.66	16.75	11.00	18.00	9.50	50.41	2.18	23.00	20.91		
Ross Mur (10)	06/86	4.75	2.49	15.24	15.00	31.00	12.50	46.32	3.24	25.00	16.67		
Sund Fin (10)	12/85	6.00	4.24	17.07	31.00	35.00	28.25	45.67	6.79	20.00	6.45	86	1 : 1
PAINTS		12.86	34.63		235.73*			105.68	17.35		1.59		
Asian Paints (10)	12/86	8.30	28.16	43.93	251.25	280.00	197.50	138.80	18.10	35.00	1.39	85	3 : 5
Garwa Paints (10)	06/86	1.32	2.09	25.83	28.00	31.00	26.00	44.70	6.26	14.00	5.00	81	1 : 4
Good Nerol (10)	06/86	3.24	4.38	23.52	72.50	100.00	37.50	45.68	15.87	20.00	2.76	78	5 : 7
PAPER		37.10	136.24		144.68*			78.11	4.98		5.17		
Andh Paper (100)	06/86	5.62	11.25	300.18	90.00	160.00	70.00	43.24	2.08	16.00	17.78	80	1 : 4
Balkrishna (10)	03/86	1.20	4.16	44.67	91.25	115.00	82.50	124.17	7.35	20.00	2.19	85	1 : 1
Ballarpur Ind (10)	06/86	13.98	69.64	59.81	49.00	61.00	44.00	106.80	4.59	22.00	4.49	81	1 : 5
Bhadrachal (10)	09/86	10.57	12.65	21.97	38.50	54.00	29.00	65.18	5.91	20.00	5.19		
Orient (10)	03/86	5.73	38.54	77.26	34.00	74.00	31.00	56.54	6.10	20.00	5.88	77	1 : 2
PESTICIDES		9.24	8.94		19.62*			-32.36	0.00		3.31		
Excel Ind (10)	09/86	4.62	6.78	24.68	16.00	30.00	16.00	10.39	15.40	10.00	6.25	84	4 : 5
Ficom (10)	09/86	0.64	2.04	41.88	147.50	150.00	86.25	237.50	6.21	30.00	2.03	87	1 : 1
Volhrho (10)	09/85	3.98	0.12	10.30	7.00	7.00	0.00	-125.38	0.00	0.00	0.00		
PHARMACEUTICALS		143.22	249.74		996.79*			38.88	17.56		2.17		
Abbot Lab (10)	11/86	2.25	1.78	17.91	57.00	72.50	44.00	-45.78	00.00	00.00	0.00		
Alembic Ch (100)	05/86	3.45	6.49	288.12	127.50	137.50	90.00	42.90	2.97	15.00	11.76		
Ambalal Sar (10)	06/85	22.19	30.35	23.68	11.00	14.75	6.75	45.74	2.40	0.00	0.00	81	1 : 5
Astra Idl (10)	06/86	2.50	1.43	15.72	50.00	57.00	31.00	28.80	17.36	10.00	2.00		
Boehringer (10)	04/86	1.00	1.20	22.00	50.00	60.00	32.00	69.00	7.25	10.00	2.00		
Boots (10)	12/86	4.05	8.98	32.17	135.00	155.00	91.25	76.30	17.69	32.00	2.37	84	3 : 5
Burroughs (10)	08/86	3.00	11.33	47.77	76.25	103.75	50.00	55.00	13.86	25.00	3.28	842 : 1	
E. Merck (10)	12/86	4.40	2.89	16.57	67.50	75.00	15.94	37.95	17.78	15.00	2.22	86	3 : 5
Eskayef (10)	11/86	5.00	12.22	34.44	225.00	247.50	163.75	102.40	21.97	25.00	1.11		
German Rem (10)	12/85	3.26	3.36	20.31	52.00	63.00	30.00	18.40	28.25	14.00	2.69	82	3 : 5
Glaxo (10)	06/86	20.00	26.48	23.24	73.00	82.00	49.00	14.75	49.49	18.00	2.47	80	1 : 3
Hind Ciba (100)	12/86	17.71	28.53	261.10	460.00	490.00	355.00	29.59	15.65	18.00	3.91	80	1 : 2
Hoechst (100)	12/86	9.58	24.99	360.86	700.00	940.00	440.00	27.14	25.79	20.00	2.86	82	1 : 2
Jayant Vit (10)	06/85	1.35	2.68	29.85	100.00	112.50	60.00	201.48	4.96	15.00	1.50		
Max India (10)	09/86	2.00	0.28	11.40	44.00	49.00	27.00	46.00	9.57	15.00	3.41		
May & Baker (10)	12/86	4.50	6.06	23.47	42.00	69.00	27.00	11.56	36.35	5.00	1.19		
Merind (10)	12/85	1.80	1.49	18.28	39.50	42.00	28.50	12.22	32.32	10.00	2.53		
Nicholas Lab (10)	06/86	1.46	1.64	21.23	56.25	57.00	32.50	13.70	41.06	15.00	2.67		
Parke Davis (10)	11/86	3.36	3.79	21.28	48.00	66.00	35.00	37.80	12.70	25.00	5.21		
Pfizer (10)	11/86	11.72	16.22	23.84	65.00	98.50	38.00	2.90	224.06	10.00	1.54	77	4 : 5
Ranbaxy (10)	12/86	3.07	12.49	50.68	125.00	135.00	71.00	83.71	14.93	20.00	1.60	80	1 : 1
Rich Hind (10)	06/86	3.71	4.30	21.59	325.00	340.00	210.00	79.78	40.73	40.00	1.23	85	1 : 2
Sandoz (10)	12/86	4.50	16.40	46.44	87.50	140.00	57.60	55.78	15.69	16.00	1.83	84	2 : 7
Searle (10)	12/86	3.48	13.02	47.41	115.00	240.00	92.50	109.20	10.53	20.00	1.74	86	1 : 1
Unichem (100)	09/85	0.90	7.93	981.11	40.00	45.00	32.00	92.22	0.43	20.00	50.00	80	1 : 4
Warner Hind (10)	11/86	2.98	3.41	21.44	60.00	90.00	44.00	63.76	9.41	25.00	4.17		3 : 10
PLASTICS		18.71	33.90		123.33*			57.46	11.47		3.01		
Bajaj Plas (10)	12/86	1.50	4.75	41.67	29.00	67.50	29.00	72.00	4.03	20.00	6.90	86	1 : 1
Bake Hylam (10)	06/86	4.50	7.70	27.11	29.00	37.00	24.50	27.33	10.61	18.00	6.21	80	2 : 3
Garwa Plas (10)	06/86	5.81	11.83	30.36	93.00	103.00	69.00	71.77	12.96	20.00	2.15		
Sup Indus (100)	06/86	0.90	4.61	612.22	3700.00	3700.00	1700.00	218.89	16.90	27.00	0.73	86	4 : 5
V.I.P. Ind (10)	07/86	6.00	5.01	18.35	31.00	61.50	26.00	38.33	8.09	20.00	6.45		0 : 0
SHIPPING		82.48	53.08		167.49*			53.37	380.00		5.23		
Dempo St (100)	06/85	2.00	9.83	391.50	65.00	65.00	65.00	00.00	0.00	0.00	0.00		
Essar Ship (10)	12/86	24.65	31.83	22.91	22.00	35.50	17.50	30.39	7.24	20.00	9.09		
Great East (10)	06/86	31.94	27.67	18.66	31.75	32.50	16.75	22.17	14.32	12.00	3.78	83	2 : 3
India Steam (10)	03/86	4.95	0.10	10.20	6.00	7.00	5.00	0.00	0.00	0.00	0.00		
Scindia (10)	06/86	18.94	3.31	11.75	4.00	7.75	2.75	155.49	0.26	0.00	0.00	77	2 : 5
SYNTHETIC TEXT		205.22	713.83		1431.24*			53.33	12.26		3.10		
Baroda Ray (100)	12/85	12.14	21.96	280.89	202.50	270.00	177.00	39.13	5.18	18.00	8.89	82	1 : 2
Bharat Com (10)	12/85	3.75	4.90	23.07	15.25	17.75	00.00	17.07	8.94	0.00	0.00	82	1 : 2
Cen Enka (100)	12/86	11.86	78.76	764.08	1100.00	1175.00	815.00	89.12	12.34	34.00	3.09	85	1 : 2
Garware Nyl (10)	08/86	3.72	16.53	27.01	26.00	36.00	20.50	14.40	18.05	15.00	5.77	82	1 : 2
Grasim (10)	03/86	21.59	97.61	55.21	114.00	118.00	80.00	60.77	18.76	24.00	2.11		
Indian Rayon (10)	06/86	6.87	40.72	69.27	62.00	77.00	50.00	106.55	5.82	28.00	4.52	80	1 : 4
IOC (10)	03/87	12.46	25.56	30.51	43.50	78.00	41.00	43.02	10.11	15.00	3.45	85	1 : 2
J.K. Synth (10)	03/86	25.25	91.83	46.37	59.50	93.50	39.50	162.81	3.65	20.00	3.36	83	1 : 3
Nat Ray (100)	06/86	6.01	5.39	189.68	65.00	100.00	50.00	-121.96	0.00	0.00	0.00	72	1 : 4
Nirlon (10)	09/85	10.46	24.01	32.95	8.50	26.00	7.58	25.81	3.29	22.50	26.47	82	1 : 2
Orkay (10)	03/86	16.15	25.10	25.54	34.50	115.00	29.50	42.97	8.03	25.00	7.25		
Reliance (10)	12/86	51.61	254.12	59.24	120.00	277.00	110.00	27.46	43.71	25.00	2.08	83	3 : 5
S.I. Viscose (100)	03/86	7.35	7.17	197.55	375.00	425.00	245.00	41.22	9.10	18.00	4.80	76	1 : 2
Shriram Fib (10)	09/86	6.10	14.25	33.36	31.00	36.00	20.00	49.34	6.28	18.00	5.81	83	1 : 2
Swad Poly (10)	09/85	3.90	5.92	25.18	45.50	80.00	40.00	67.95	6.70	25.00	5.49		
TEA		94.15	259.35		796.82*			75.57	11.20		2.91		
Assam Co (10)	06/85	7.00	10.12	24.46	123.00	130.00	64.50	143.43	8.58	32.50	2.64	85	1 : 1
Assam Front (10)	06/86	3.00	4.93	26.43	90.00	91.00	23.75	50.67	17.76	30.00	3.33		
Bom Burm (100)	09/85	5.52	16.73	403.08	410.00	410.00	225.00	78.08	5.25	25.00	6.10	78	1 : 4
Brooke Bond (10)	06/86	12.86	26.25	30.41	93.00	99.00	76.00	86.24	10.78	0.00	0.00		3 : 5
Dom Dooma (10)	12/86	3.50	9.99	38.54	84.00	85.00	54.50	80.29	10.46	40.00	4.76	84	1 : 1
Dun Agro (100)	12/85	2.03	12.51	716.26	267.00	267.00	153.00	116.26	2.30	30.00	11.24		
George Will (10)	06/86	6.30	17.12	37.17	97.00	107.50	79.00	44.92	21.59	27.50	2.84	85	4 : 5
Goodrickes (10)	06/86	3.60	18.51	61.42	91.00	96.50	37.00	137.50	6.62	65.00	7.14		
Harrison Mal (10)	03/86	6.50	13.08	30.12	66.00	77.00	41.00	49.85	13.24	25.00	3.79	85	1 : 1
Jayashree (10)	03/86	6.15	41.00	76.67	43.50	59.50	34.00	12.20	35.67	13.00	2.99	85	1 : 2
Lipton (10)	06/86	15.75	5.02	13.19	73.00	79.50	57.00	39.56	18.46	15.00	2.05		
McLeod Russ (10)	06/86	3.12	18.03	67.79	110.00	200.00	83.00	194.23	5.66	70.00	6.36	84	1 : 4
Tata Tea (10)	12/86	10.52	44.69	52.48	122.00	131.00	80.32	80.32	15.19	30.00	2.46	79	1 : 3
Tea Estates (10)	06/86	4.40	12.17	37.66	95.50	95.50	50.50	75.00	12.73	35.00	3.66	85	1 : 1
Warren Tea (10)	03/87	3.90	9.20	33.59	60.25	70.00	50.00	82.31	7.32	22.50	3.73	85	1 : 5
TRADING		17.35	39.62		130.52*			73.14	10.29		2.94		
Batliboi (10)	09/85	1.56	3.49	32.37	18.00	26.50	17.50	39.10	4.60	8.00	4.44		0 : 0
Blow Plast (10)	07/86	1.00	1.69	26.90	135.00	145.00	92.50	57.00	23.68	25.00	1.85	83	2 : 3
Blue Star (10)	06/86	2.22	6.53	39.41	52.50	102.50	47.50	100.00	5.25	22.00	4.19	83	3 : 5
Grea Cott (100)	06/86	6.57	14.11	314.76	255.00	265.00	230.00	71.84	3.55	18.00	7.06	77	1 : 2
Shaw Wal (10)	06/85	6.00	13.80	33.00	143.00	170.00	104.00	76.17	18.77	30.00	2.10	81	1 : 2
TYRES & TUBES		71.50	145.98		421.42*			72.32	8.15		2.47		
Apollo Tyres (10)	10/86	7.75	0.65	10.84	25.00	29.50	12.00	120.13	2.08	0.00	0.00		
Ceat (100)	06/86	9.31	59.40	73.80	67.00	71.00	45.00	73.15	9.16	21.00	3.13	86	1 : 2
Dunlop (10)	12/85	18.98	29.76	25.68	77.00	78.00	70.00	46.58	16.53	11.50	1.49		
Goodyear (10)	12/86	7.46	11.56	25.50	72.00	85.00	67.00	149.06	4.83	25.00	3.47	77	2 : 5
J.K. Ind (10)	06/86	13.76	2.20	11.60	36.50	37.50	28.00	73.04	5.00	10.00	2.74		
Modi Rubber (10)	04/86	10.38	27.66	36.65	48.00	50.00	33.00	26.30	18.25	20.00	4.70	86	2 : 5
MRF (10)	09/86	3.86	14.75	48.21	103.00	103.00	63.00	73.83	13.95	25.00	2.43	75	1 : 2
MISCELLANEOUS		92.11	197.09		491.52*			49.03	10.80		3.33		
Bata (10)	12/86	5.25	13.20	35.14	73.00	157.00	73.00	43.05	16.96	20.00	2.74	84	2 : 5
Bharat Forge (10)	09/86	4.96	19.15	48.61	115.00	119.00	63.00	97.78	11.76	25.00	2.17	81	1 : 1
Consol Cof (10)	06/86	5.01	8.00	25.97	53.25	67.50	43.00	48.90	10.89	22.00	4.13	82	1 : 2
E.I. Hotels (10)	03/86	17.34	52.97	40.55	51.00	58.00	41.00	56.92	8.96	20.00	3.92	84	2 : 5
F.G.P. (10)	03/87	3.27	6.24	29.08	70.00	72.50	25.50	88.69	7.89	20.00	2.86	79	1 : 2
Hawk Cook (10)	09/86	1.84	1.86	20.11	19.00	37.00	16.00	39.96	5.14	20.00	10.53	81	3 : 5
Indag Rub (10)	06/85	2.72	0.15	10.55	16.00	18.00	7.00	-12.50	00.00	0.00	0.00		
Ind Foils (10)	06/86	2.62	5.59	31.34	78.00	150.00	58.00	69.08	11.29	21.30	2.73	82	1 : 4
Ind Cards (10)	03/86	3.25	2.42	17.45	26.00	29.00	18.50	35.38	7.35	20.00	7.69	81	1 : 2
Ind Hotels (10)	03/87	7.85	34.72	54.23	117.50	125.00	62.50	81.27	14.46	30.00	2.55	82	2 : 5
Ind Photo (10)	12/86	1.00	1.98	29.80	88.75	130.00	37.50	37.00	23.99	20.00	2.25	83	1 : 1
Light Met Ind (10)	00/00	6.14	0.00	10.00	14.25	25.63	14.00	0.00	00.00	0.00	0.00		
Tata Press (10)	03/86	1.25	3.74	39.92	77.50	92.00	72.50	77.60	9.99	25.00	3.23		
Tinplate (10)	03/86	10.14	3.29	13.24	24.00	34.00	20.75	25.09	9.58	10.00	4.17		
Tube Inv (10)	12/86	5.73	18.88	42.95	27.00	34.00	24.00	38.57	7.00	16.00	5.93	85	1 : 3
United Diam (10)	06/85	1.63	1.80	21.04	10.50	18.00	8.00	45.40	2.31	25.00	23.81		
Widia (100)	12/86	3.66	8.64	336.07	875.00	900.00	600.00	59.56	14.69	15.00	1.71	85	1 : 1
Wimco (10)	12/86	8.45	14.46	27.11	33.50	57.00	30.00	48.99	6.84	18.00	5.37	70	1 : 5
Market total/average		2778.08	6185.92		16,387.08			50.56	11.24		4.14		

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year; * market capitalisation in Rs crores.

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year; * market capitalisation in Rs crores.

DATA COMPILED AND UPDATED WITH THE HELP OF OM PRAKASH SEHGAL

Debentures

Amount outstanding (Rs lacs)	Issue Price Rs	Description (% Name of company)	Last Business done Rate	Last Business done Date	Yield %	Interest Due Date	Redemption date
1.	2.	3.	4.	5.	6.	7.	8.
140	100	13.5 Asea Ltd.,	85.00	12.8.87	15.8	—	1990/91
522	64	13.5 Ashok Leyland	55.00	13.8.87	15.7	31.3, 30.9	1992/96
668	64	13.5 Ashok Leyland Con III B	60.00	13.8.87	14.4	31.3, 30.9	1996
1000	100	15.0 Ashok Leyland	95.00	13.8.87	15.7	31.3, 30.9	1997
10.40	160	13.5 Andhra Cement	130.00	13.8.87	16.6	31.3, 30.9	—
409	100	13.5 Batliboi & Co	91.00	22.5.87	14.8	30.4, 31.10	1993/95
1000	200	13.5 Birla Jute	185.00	12.8.87	14.5	31.3, 30.9	1992/96
400	120	13.5 Bombay Dyeing	107.00	5.6.87	15.0	31.3, 30.9	1990
400	100	15.0 Blue Blend	97.50	12.8.87	15.3	31.3, 30.9	1992/95
200	150	13.5 Dunlop	140.00	5.8.87	14.4	15.1, 15.7	1990/97
600	80	13.5 El Hotels Con.	167.50	13.8.87	6.4	—	1989/92
248	45	13.5 Elecon Engg	42.00	13.8.87	14.4	30.6, 31.12	1991 93
300	100	13.5 Essar Shipping	84.00	13.8.87	16.0	—	—
268	250	13.5 Ferro Alloys	233.75	13.8.87	14.4	30.6, 31.12	1988/91
559	110	13.5 Ferro Alloys	97.50	13.8.87	15.2	30.6, 31,12	1988/91
168	100	13.5 FGP	92.50	11.8.87	14.5	31.3, 30.9	1990/92
600	100	13.5 Forbes Forbes	97.50	13.8.87	13.8	1.4, 1.10	1994
1114	150	13.5 GKW	136.00	12.8.87	14.8	1.4, 1.10	1990 94
2250	120	13.5 Grasim Ind	116.25	13.8.87	13.9	31.3	1990 94
350	350	13.5 Gujarat Steel	290.00	13.8.87	16.2	30.6, 31.12	1990/92
700	140	13.5 Gujarat Alkali	136.25	12.8.87	13.8	27.2, 31.8	1990/93
1277	100	13.5 Great Eastern Ship	145.00	6.2.86	9.3	1.3, 1.9	1991
383	100	15.0 Hoechst India	105.00	13.8.87	14.3	1.5, 1.11	1991
1125	75	13.5 Indian Hotels	73.00	13.8.87	13.8	1.4, 1.10	1991
298	80	13.5 Indian Organic	70.00	6.4.87	15.4	31.3, 30.9	1990/94
800	80	12.0 Indian Rayon	70.00	13.8.87	13.7	30.6, 31.12	1989/93
1600	112	13.5 Indian Rayon	103.00	13.8.87	14.6	30.6	1991/95
1875	120	13.5 J K Synthetic	105.00	13.8.87	15.4	31.3, 30.9	1989/92
150	75	13.5 Jyoti	62.50	11.8.87	16.2	31.3, 30.9	1989 91
300	100	15.0 Kalyani Steel	102.50	21.7.87	14.6	1.4, 1.10	1991
640	64	13.5 Kothari Ind	47.50	13.8.87	18.1	1.4, 1.10	1989 92
360	60	13.5 Larsen & Toubro	58.00	12.8.87	13.9	30.4	1990/94
828	115	13.5 Lohia Machines	90.00	22.5.87	17.2	30.4	1992/94
300	100	15.0 May & Baker	97.50	13.8.87	15.3	10.6, 31.12	1990
438	125	13.5 Mukand Iron	117.50	23.7.87	14.3	1.1, 1.7	1992
480	400	12.0 Raymond Woollen	395.00	13.8.87	12.1	1.4, 1.10	1989 93
5333	100	13.5 Reliance E Series	87.50	13.8.87	15.4	—	1994 96
2700	100	15.0 Reliance F Series	105.00	13.8.87	14.2	—	1992
250	70	13.5 Ross Murarka	54.00	13.8.87	17.5	30.6, 31.12	1992
2768	289.30	11.0 TELCO B Series	500.00	13.8.87	6.3	1.4, 1.10	1987
2000	200	13.5 Tata Steel	212.50	13.8.87	12.7	1.4, 1.10	1992
200	150	13.5 Voltas	135.00	7.8.87	15.0	30.6, 31.12	1991
900	300	15.0 Voltas	305.00	7.8.87	14.7	28.2, 31.8	1991

Exchange

Foreign exchange

Country	Value of	Rupees*
Australia	1 dollar	9.22
France	1 franc	2.07
West Germany	1 mark	6.97
Hong Kong	1 dollar	1.66
Italy	1,000 lira	9.56
Japan	100 yen	8.70
Kenya	1 shilling	0.81
Kuwait	1 dinar	47.16
Malaysia	1 ringgit	5.11
Mexico	100 pesos	0.97
Netherlands	1 guilder	6.15
Nigeria	1 naira	3.29
Saudi Arabia	1 rial	3.50
Singapore	1 dollar	6.17
Switzerland	1 franc	8.35
UAE	1 dirham	3.59
UK	1 pound	20.85
USA	1 dollar	13.09

** Indicative interbank middle rates as on 17 August 1987.*
Courtesy: Hong Kong Bank

A fairly active fortnight with the US dollar being bought up to the year's highest levels against the Contis because of the excitement over Iran's sabre-rattling.

The killings in Mecca coincided with the first reflagged Kuwaiti tankers being escorted through the Persian Gulf by US warships. Iran vowed revenge and a tanker hit a mine. The incident could well have dragged the US into a war in the Gulf. This fuelled dollar buying to take it to the chartists' determined target of DM 1.90.

The Gulf situation remained under control, but the dollar was well supported at higher levels because of commercial demand and the latest round of Treasury funding which has gone off well. Besides, the Japanese again bought up to 40 per cent of the $9 billion, 30 year notes, on offer. This finally helped move the dollar higher against the yen, which had surprisingly remained steady all through the dollar's rise to DM 1.90.

Sterling too fell because of the stronger dollar and failed to derive much support from an unexpected rise of one per cent in the base rates. The rupee traded narrowly against the dollar, holding above 7.60 USD per INR 100 because of generous revaluation by the RBI against sterling. This helped the rupee close at the year's highest levels against Contis.

The trade deficit in the US for June has been a whopping $15.6 billion which is the second largest deficit in its history. This knocked down the dollar from the highs but it seems to be consolidating around DM 1.87 and 150 yen. This could presage another rise in the dollar.

Bangalore's Business Oasis

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in collaboration with the

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announces

NATIONAL CONFERENCE ON IMPROVING PRODUCTIVITY & WORK COMMITMENT

on September 10 and 11, 1987
at Hotel Taj Intercontinental, Bombay

The Conference has been carefully planned to share and explore, through presentations of papers and lively discussions/debates by leading personalities, the various feasible approaches for improving Human Productivity and, thereby, Organisational Productivity.

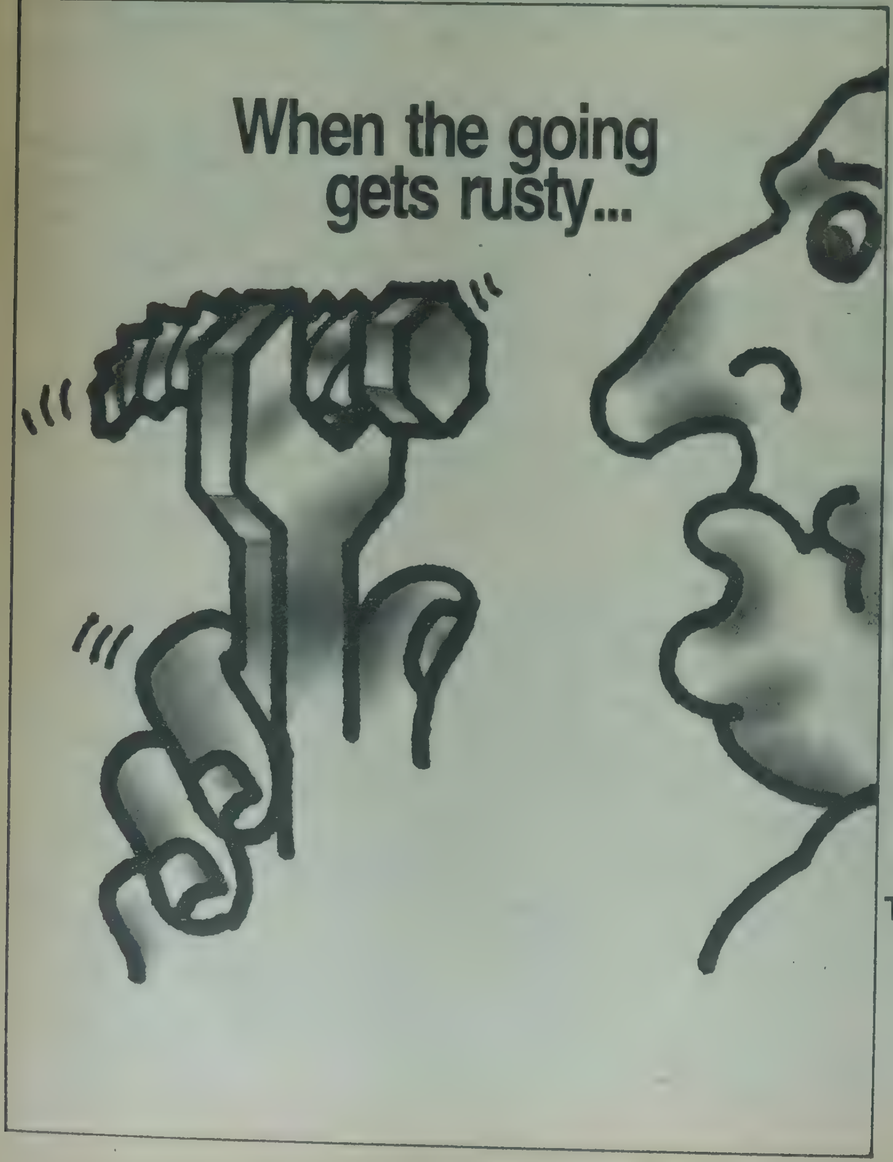
Representatives from Union and Management will present data-based comprehensive and well-researched papers on Manufacturing and Service Sectors, to be followed by Roundtable discussions.

The following prominent personalities, amongst others, from Union and Management are expected to make the presentations:

Management
Mr. D. N. Ghosh (SBI)
Dr. Ashok Ganguly (HLL)
Col S. P. Wahi (ONGC)
Mr. S. K. Datta (RBI-BTC)
Prof. K. N. Vaid (NICMAR)
Dr. B. K. Singh (CEAT)
Dr. R. Mehrotra (SANDOZ)
Mr. B. Martyris (HMT)

Union
Mr. G. Ramanujam (INTUC)
Mr. Inderjit Gupta (AITUC)
Mr. Keshavbhai Thakkar (BMS)
Dr. M. K. Pandhe (CITU)
Mr. N. M. Barot (NLO)
Mr. Sanat Mehta

Registration for this unique Conference closes on AUGUST 31, 1987. The form, along with the fee of Rs. 750/-, should reach: Mr. V. B. MAHATME, SECRETARY, THE EMPLOYERS' FEDERATION OF INDIA, ARMY & NAVY BUILDING, 148, MAHATMA GANDHI ROAD, BOMBAY 400 023. (TEL. NO. 24 42 32, 24 40 93 & 24 30 28).



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CHAITRA-B HAWCO 2

Winners galore!

There are as many as six winners for investor contest 244!

The prize money of Rs 5,000 will be shared by Mr Ravindra Bhatia (Kanpur), Mr Prem Kumar (Nagpur), Mr R. L. Kanak (Dandeli, Karnataka), Ms Jayanthi Srinivasan (Karimnagar, A.P.) and two residents of Bombay — Mr R. P. Kulkarni and Mr Suresh Pitkar.

We look forward to many more winners in our next contest.

How to enter
On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 18 September 1987, and send in your entry by 8 September 1987. The winner in accordance with the rules printed below, will get a prize of Rs 5,000. In the event there is no winner, the prize will *not* be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs 5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will *not* be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 18 September 1987, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 18 September 1987, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 8 September, 1987.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 14 August, 1987 (Rs)	Variations permitted from correct prices upto (Rs)	Prices as on Friday, 18 September 1987 (please fill) (Rs)
Colgate	Bombay	238.75	4.00	
Century Enka	Bombay	1080.00	6.00	
Chloride	Calcutta	85.50	3.00	
G.E. Shipping	Bombay	31.75	2.50	
Larsen & Toubro	Bombay	80.50	3.00	
Reckitt & Colman	Calcutta	206.00	4.00	

NAME:
ADDRESS:
AGE:
PROFESSION:
DATE:

IC 247

Professional Profile

The engine driver

Lila Poonawalla *is managing director of Vulcan Laval (India) Ltd.*

Lila Poonawalla has many firsts to her credit. She was the first lady student to graduate in mechanical engineering, from Poona University in 1967; she is Alfa Laval's first lady managing director; and the first person to be featured for the second time in these columns. The last time she appeared here she was deputy general manager, exports, at Vulcan Laval. That was in 1984. Three years later, she makes an appearance once again — this time as managing director. A meteoric rise for anyone in such a short time. But then, Poonawalla has a winning streak which, according to her, is made up of hard work, determination and a thoroughly professional approach.

It has taken Poonawalla 18 years to steadily climb the ladder at Vulcan Laval — starting at the bottom rung as trainee engineer. From there she went on to the costing and estimation department where she designed the basic format for standard costing. Constantly performing and on the move, Poonawalla later handled the design and drawing office and was subsequently made responsible for central co-ordination between works and all India sales. Her next assignment was as executive assistant to the then managing director. From here, she got a ringside view of the company's operations and its wide ranging reach.

The real challenge was yet to come and it did too — as manager, export services, she proved that she could be equally effective in a result oriented line function. During the first year in exports, sales increased from Rs 5 lakhs to Rs 50 lakhs. The following year, the figure catapulted to Rs 150 lakhs and soon Poonawalla earned the reputation of being one of the most successful sales persons in the entire Alfa Laval group. The highlight of her stint in exports is a Rs 26 crore deal she negotiated with the USSR.

When it was time for a change of command, the logical choice was Poonawalla who had sailed through every important department with equal aplomb.

Dismissing the cliched question about what the going was like as a woman, Poonawalla says, "As easy or as difficult as it is for a man. This is a competitive field. It's not your sex that matters — its your efficiency and your performance. I guess I stood a fair chance because in an engineering company, a person with both professional and marketing qualifications has an advantage." Poonawalla emphasises the need for strict quality control. "Quality is not what you define for yourself, it is what the customer wants and expects. Quality control starts from the time the telephone operator answers a call to drawings, quotations, presentation and finally the product."

Poonawalla ascribes her strengths to her wide exposure to the company's operations: from shop floor to drawing and design to costing to production and across-the-table negotiations with customers. Though she has an export manager, Poonawalla still continues to participate actively in export deals. "Quick decisions are important in selling. As I know the product through and through and am well versed with the financial implications, I need not tell the customer to wait till I check on any clarification he wants. I give it to him on the spot. This helps in acquiring the order. Eventually, my export manager will handle this on his own, but till such time I suppose I will act the role of guide and counsellor. But till my customers get used to him, I can't withdraw totally."

Communication, for Poonawalla, is the key to success, "I am accessible to anyone in the company. In a day, I send out at least 100 slips to various departments, asking for information. This way, I have a finger on the pulse and nothing will come to me as an unpleasant surprise later. It doesn't help enclosing oneself in a cocoon and depending on filtered information. I often go to the shop floor and the sites and discuss things with the people directly involved. My rapport at all levels is good because I have worked shoulder to shoulder with most of them. Some of the supervisors continue to call me *behen* as they used to when I was a trainee in the department. I think it's important to communicate at all levels. I can't run the company without the help of its people. I am only an engine driver."

The train seems to be in good hands. Poonawalla is determined to take Vulcan Laval's current Rs 45 crore turnover to Rs 100 crores in the next three years. She intends to groom her people to gear up for this task. Her past performance and the determination in her voice reminds one of the famous words "What Lola wants, Lola gets!"

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ULKA-D-EIH 524

Entertainment is where the hearth is

No one really knows for sure exactly when the concept of mixing business with pleasure came into vogue. Nevertheless, as a twentieth century practice, it has proved to be immensely popular. This has come to mean that the slippery rungs of the executive ladder are well lubricated with plenty of dinners, lunches and cocktails, all ostensibly hosted and attended to discuss business.

As India scrambles to catch up with the twenty-first century, the twentieth century executive in this country is spending more and more time wining and dining. While, as a side-effect, the slimming clinics are getting some good business, the primary benefits are of course cornered by the "posh" hotels and restaurants.

But these posh hotels and restaurants are mostly in Bombay and Delhi. In Calcutta, the whiz kids in marketing and sales are today going grey worrying how to entertain their peers better in this city. The city of joy, grumble businessmen, has few places for entertaining. Whereas in Bombay there is the Taj, the two Oberois, and a host of other places, and in Delhi five-star flesh pots are possibly more numerous than the security guards at every street corner, in Calcutta the situation is radically different.

To the quizzical eye, it would seem that Calcutta has still to graduate into the latter half of the twentieth century, let alone the twenty-first. In Calcutta, the colonial institution of the club still has a virtual stranglehold on the more exclusive kind of business entertaining. Unlike in Delhi, where the prominent clubs cater almost exclusively to civil servants, or the very, *very* rich, the Calcutta clubs offer comparatively easy access to businessmen and to senior executives in business firms. Needless to say, these clubs offer the ultimate in indifferent food and even more indifferent service. Even so, the majority of senior executives in industry, as well as professionals, prefer to entertain at clubs rather than at restaurants and hotels.

The preference that clubs enjoy over restaurants is mainly because Calcutta restaurants today are seedy and down-at-heel, where service is sometimes downright rude, and the food just as indifferent as at the clubs.

The impoverished Bengali, who is still under the delusion that he sets the cultural tone in this sad city, believes that he still holds sway as long as the Calcutta Club exists, and as long as Jyoti Basu, an old member, drops in there every Friday. But it is true that the Bengali, while lacking the fat wallet, remains a sophisticate. Rather than entertain at the Park Street restaurants, where the overwhelming majority of the clientele are garbed in brocade or *zari* sarees and Vimal synthetics, the Bengali will ask people home, wear handloom cotton or pyjama, kurta and serve food far better than the ersatz continental or the greasy Mughlai.

Thus, memberships to clubs is not really *de rigeur,* and to those who are secure about their own social status, merely an added convenience. It is our own particular post-independence, indigenous business class, mostly from outside Bengal, who today hanker after club memberships. It is partly an aspiration after social status, and partly for functional reasons, eg, the inability to tipple at home.

And their failure to make much headway into this culturally exclusive group has thrown up before their enterprising kinfolk from the same distant provinces another option — to create another kind of exclusive place where admission depends on ability to pay. This new kind of club is essentially modelled on the trend set by the five-star hotels. The Taj has The Chambers in Bombay and Delhi, and plans a similar facility in the upcoming Calcutta hotel. The Oberoi Grand has the Belvedere Club.

The Conclave — a new business club in the city, launched with much fanfare sometime at the beginning of this year — has been promoted by Ganapati Builders and Services Pvt Ltd. It claims to be doing brisk business, and its membership list includes the Chabbrias and Sanjiv Goenka, Rama's younger son.

"We lay maximum stress on privacy, good taste, comfort and excellent cuisine — all that is desired by a senior executive," says Harsh Neotia, Conclave's young managing director. Having spent nearly Rs 1 crore on doing up the place, Neotia is confident that the outlay will be justified — but only in the long term. At an annual membership of Rs 2,500 together with Rs 7,500 as admission charges, the club offers the usual gamut of executive facilities, with an additional rooftop barbeque. This would be more expensive than the traditional clubs, but much less so than the executive clubs run by the five-star hotels.

In the end, entertaining in Calcutta does not allow too much choice. The only fallout may be that the average educated housewife experiments more with cooking — since she perforce has to call people home. And good home food may be one reason the average Calcuttan manages to remain cheerful in the face of the collapse all around him.

MADHUMITA MAJUMDAR

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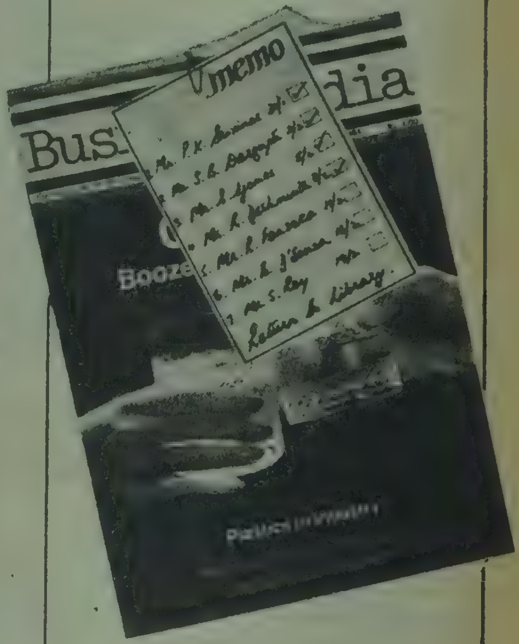

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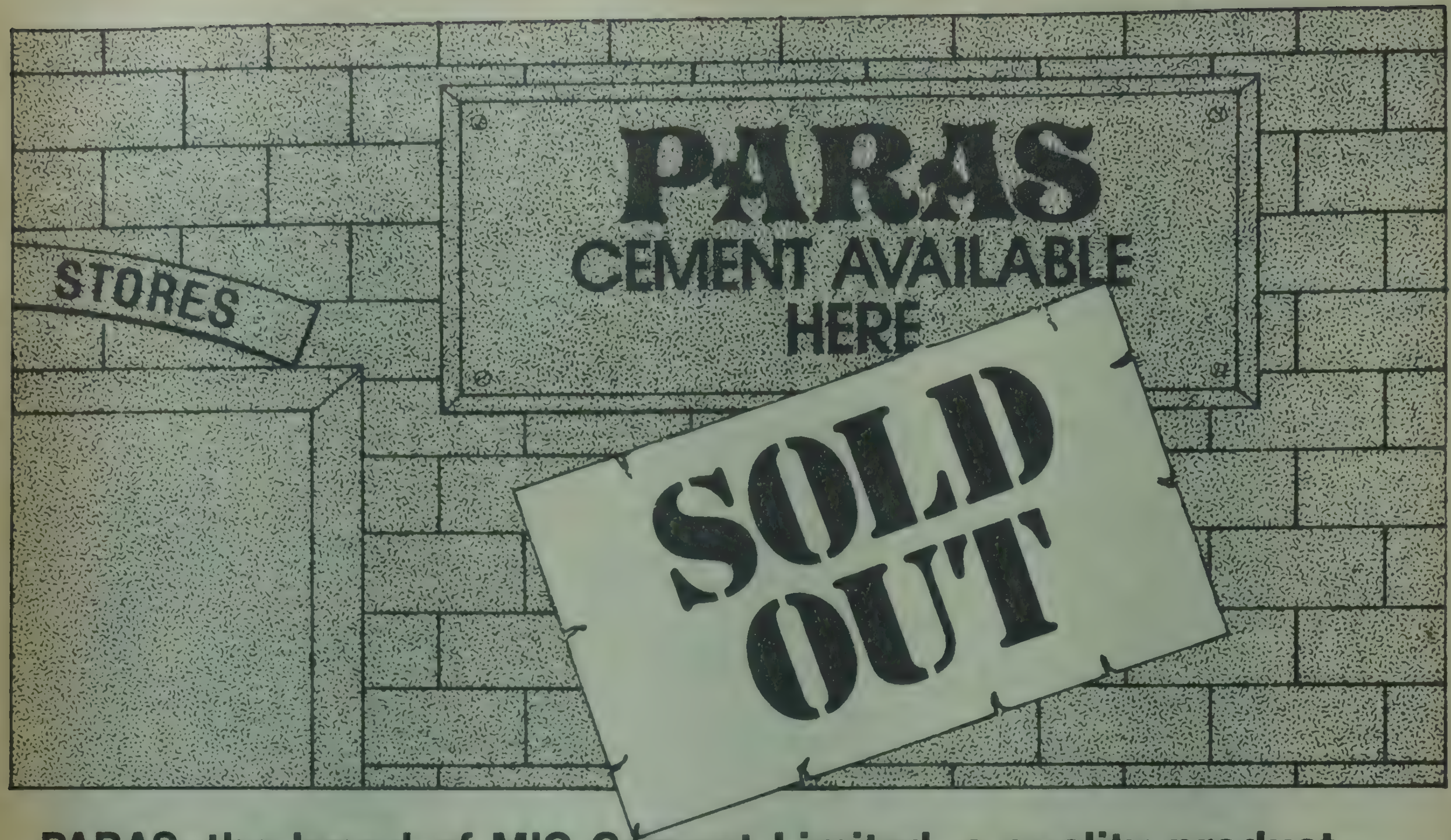

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Towards a better you

GETTING THE BEST...out of yourself and others

By Francis G. Rodgers and Irving Levey
Harper & Row, New York 1987, pp 227, $17.95 (available in India at Rs 135)

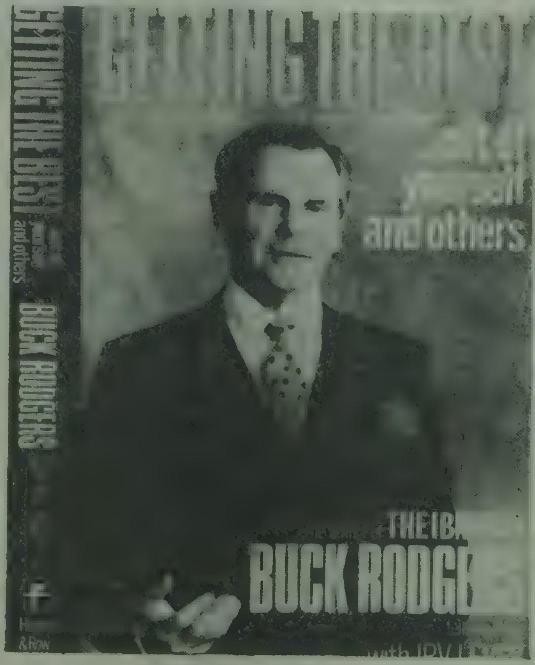
The work under review is co-authored by Buck Rodgers (author ot *The IBM Way*) and Irv Levey. Rodgers is a former corporate vice president of marketing for IBM. Irv Levey has been in publishing for more than 25 years and is currently Harper & Row's executive editor of special projects.

The book gives strategies for coping and excelling at the individual level, the intention being to offer a practical manual of advice. The racy style in which it is written, makes the book very readable. To quote, "Our problem in the immediate future will not be the lack of opportunities for the really motivated, but the lack of motivated people ready and able to take advantage of the opportunities."

The authors seek to fire the enthusiasm of their readers and build up their self-confidence, by telling them that they can achieve much more from themselves than they believe possible. The themes discussed are: building up the self, the importance of motivation for achievement, identifying personal goals, building up and projecting positive attributes and making the best of a bad situation. A key factor stressed is the need for excellence and the rejection of mediocrity in every area of business, industry, and personal life. This underlying theme runs right through.

The individual is important and can make a profound difference to the quality of his life. People, not jobs or industries, are exciting and creative, dull or boring. Important tenets to keep in mind are: never lose sight of your values and beliefs, never stop teaching and never stop learning.

There is honest-to-goodness advice for companies which wish to excel. A company that is concerned about its efficiency and level of productivity must first take a good look at its management team. You cannot think highly of a company that loses its most productive people, or one that has cynics and critics on ts rolls. The work environment in a company s a reflection of the personalities, attitudes and behaviour of its top management. So it is mportant that the leadership of a company does everything possible to give every empoyee his due, and to discredit any action that even remotely encourages a caste system within their organisation. When a company is not managed well, it is difficult to be 'up' and motivated, because enthusiasm can be dampened or completely snuffed out by inept managers.



The IBM influence is apparent in the advice to spell out in writing the company's beliefs and aims that will serve as a behavioural guide to every person in the company. "When a set of values is adopted for a company, it humanizes the organisation and forms the basis for a company's culture..." Rodgers pays tribute to the 'wild ducks', a term that originated at IBM, and he labels them as 'the corporate entrepreneurs' who industry must seek out. Disrespect for the individual may be the costliest long term error a company can make. Respect, on the other hand, is one of the greatest motivators for a superior performance.

> **"There are countless ways of attaining greatness, but any road to reaching one's maximum potential must be built on a bedrock of respect for the individual, a complete commitment to excellence and a total rejection of mediocrity"**

The book also underlines the importance of the pay-performance connection and other factors that motivate an individual to give of his best. A point forcefully made is that the annual evaluation is certainly no substitute for good management throughout the year. Stating it very simply, "It's almost impossible to be motivated in February by the possibility of a pay raise in December." And while straight salary alone is not the ideal way to compensate an employee, it is important enough to be treated with a great deal of thought and sensitivity. Incentive money should be paid as soon as it is earned, so that the connection is recognised and appreciated.

Recognition may be shown by several status symbols. In the corporate world, an employee's working space is often a symbol of his achievement and a performance incentive. So are company cars for salesmen. Positive values and thinking are outlined as practical starting points towards a better you. It may be great to work in an environment you really enjoy but, in time, you will begin to enjoy any environment you are successful in.

Rodgers and Levey warn against setting goals so far out in the future that there is no way to develop practical strategies to achieve them. As a result, they lose both ways since their obsession with long term goals prevents them from achieving anything in the short term.

The authors discuss self-perception and the projection of one's image. Also, the importance of presentation: it is not what you say, it's how you say it — that's what gets results. On the subject of motivating people, "the point is certainly true that there's a strong co-relation between a person's success and his people management skills. Poor listening skills must cost business and industry millions of dollars annually, not to mention its cost in terms of damaged and shattered interpersonal relationships".

There are certainly a lot of lessons for us to learn from this book, but since the primary audience is American business, it also considers the drug problem which is serious enough to warrant two entire chapters.

One of American industry's most sought after speakers, Rodgers touches on the subject of speech presentation in a chapter entitled 'Lend me your ears'. The 'music' is more important than the 'lyrics' in conveying your message. Your tone, enthusiasm, sincerity, selfconfidence and style will do more to motivate and influence your audience than your statistics, data and beautiful prose.

What the book really says is: "There's no magic in an individual's greatness or in that of a company. There are countless ways of attaining greatness, but any road to reaching one's maximum potential must be built on a bedrock of respect for the individual, a complete commitment to excellence and a total rejection of mediocrity."

UNNITA FERRAO

Executive Ladder

A. P. KURIAN has been appointed executive trustee, UTI, by the Industrial Development Bank of India.

K. V. SHANBHOGUE has joined Bata India Ltd as general manager, corporate & legal.

O. P. SEHGAL has taken over as chairman, executive committee, Petroleum India International (PII).

S. R. GANESH has joined Blow Plast Ltd as vice president (personnel).

N. KRISHNAN has taken over as deputy general manager, Bangalore region, State Bank of India.

DHARNI P. SINHA has been appointed director on the board of the Heavy Engineering Corporation Ltd.

JOE EZEKIEL has been appointed director of management studies and services, Indian Institute of Materials Management, Bangalore.

M. M. KARLA has taken over as general manager, business development, Bharat Yantra Nigam Ltd.

S. K. DAS has taken over as managing director, Tripura Industrial Development Corporation Ltd, Agartala.

ASSOCIATIONS

DILIP CHATTERJEE has been elected president of the Advertising Club, Calcutta, for 1987-88.

YOGENDRA K. MODI has been unanimously elected president of the Alkali Manufacturers' Association of India, Bombay, for 1987.

SHARAD KUMAR JAIN has been unanimously elected vice president of the Alkali Manufacturers' Association of India, Bombay for 1987.

A. R. LAKSHMANAN has been elected chairman of the Abrasive Manufacturers Association of India.

KANTIKUMAR R. PODAR has been elected chairman of the Bombay Textile Research Association.

SURESH N. SHETTY has been elected vice president of the All India Auto & Miniature Bulbs and Components Manufacturers Association for three years.

ASHOK KUMBHAT has been unanimously elected President of the Hindustan Chamber of Commerce, Madras, for 1987-88.

S. DIVAKARA has been unanimously elected president of the Club of Secretaries for 1987-88.

T. S. MALIK has been elected chairman of the Indian Leather Products Association, Western region.

K. N. ATMARAMANI has taken over as chief manager (finance & investment), UTI.

RAGINI CHOPRA has been promoted to director, sales, Western region, Oberoi Hotels, Bombay.

J. V. JOSHI has taken over as director (operations), Petrofils Cooperative Ltd.

R. D. VAISHNAV has taken over as director (projects), Petrofils Cooperative Ltd.

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West

GEN MNGR (Wrks) • Adri (Guj) • *Sal* Attr • *Age* NS • *Qlfn* BE (chem/mech) • *Reqd* 15-20 yrs plnt exp, 5 at sr lvl in cmnt indus • *Resp* Chrge of unt, tech, plnt admn, etc • *Cont* The Managing Director, Kamdar Cements Ltd, 1st floor, Manish Nagar Shppng Centre, J.P. Road, Andheri (W), Bombay 58 (H—7.8)

SR VICE PRES (Tech) • Hazira (Guj) • *Sal* Neg & attr • *Age* NS • *Qlfn* Grad/PG in met/mech engg, PG deg/dipl in mngt • *Reqd* 20 yrs exp in maj stl + rel indus. 5 yrs in proj implmntn • *Resp* Pln & implmnt proj - hd prft antr of mfg oprtns • *Cont* The Director, Essar Steel, 13th floor, Maker Chambers IV, Nariman Point, Bombay 21 (BI—23.8)

DIV FIN CNTRLLR • Bombay • *Sal* Rs 2,603-4,403 + bnfts • *Age* 40 yrs • *Qlfn* CA/ICWA • *Reqd* 10 yrs pst qlfn indus/cmmrcl xprnce pref wth some exprnce of oil accts, oil pool accts + thrghknwlj of fin accts, Co's Act/Income/Sls tax, proj acctng, cst & bdgtry cntrl sys, cmptrsd accts sys, etc. • *Resp* Gde, coord, sprvse fin, accntng, cst & bdgtry cntrl actvts of vrs unts cntry-wide • *Cont* The Corporate Manager (P&A), IBP Co Ltd, Gillander House, 8 Netaji Subhas Road, Calcutta 1 (S—9.8)

EXEC DIR • Bombay • *Sal* Neg • *Age* 40-47 yrs • *Qlfn* NS • *Reqd* Mture prfsnl wth strng fin bkgrd and 15-20 yrs exp in ind, 3-5 yrs as prft cntr hd of rptd co • *Resp* Oprtns + prftblty • *Cont* Personnel Selection Division, ABC Consultants Pvt Ltd, 303 Embassy Centre, Nariman Point, Bombay 21 (BI—10-23.8)

CHF EXEC (Lthr unt) • Aurangabad (Mah) • *Sal* Rs 100,000 pa + prks • *Age* 35-45 yrs • *Qlfn* Lthr tech (pref deg frm rptd frgn instte) • *Reqd* 10 yrs exp in rnng med-szd prftble unt, crrntly hd/dep hd of a rel orgnstn, pref xprnce in sttng up proj for mfg of fnshd lthr + gds fr exprt • *Resp* Indpdnt chrge ovr an exstng lthr unt, tech, cmmrcl, admn func • *Cont* Group Financial Advisor, Post Bag: 11498, Bombay 20 (H—13.8)

North

VICE PRES (Oprtns) • Kanpur • *Sal* attr + hsg + prks • *Age* 40 yrs • *Qlfn* NS • *Reqd* Technocrat with snd ldrshp qlts, ablty to wrk fr co objctvs. 5 yrs exp in mngng prft cntr • *Resp* Affrs of lthr board fctry • *Cont* I.C. Malhotra, Amalgamated Consulting Unit, Malhotra Building, F-46 Connaught Place, New Delhi 1 (HT—5.8)

GRP GEN MNGR • New Delhi • *Sal* Neg • *Age* 45 yrs • *Qlfn* CA/MBA • *Reqd* Rltd xprnce • *Resp* Cntrlng fin of grp, eval invstmnt opp, invstmnt dscns + frmltng, mntrng of accntng, MIS • *Cont* Personnel Selection Division & Development Pvt Ltd, 50 Anandlok Colony, New Delhi 49 (HT—3.8)

FIN DIR • North India • *Sal* Attr • *Age* 40 yrs • *Qlfn* Prfssnl degs/dipls • *Reqd* 20 yrs in top pos of lrge orgs • *Resp* Dl indpndntly wth tp lvl offcls/insttns, frmlte fin plns & pols, xrcse effctve cntrl fr sccssfl implmntn at mltiprdct engg co • *Cont* Box No 8128, Times of India, New Delhi 2 (TOI—3.8)

GEN MNGR (Cmmrcl) • New Delhi • *Sal* Rs 3,500-4,000 + hsg + bnfts + prks • *Age* Max 50 yrs • *Qlfn* BE (pref elec) • *Reqd* 3 yrs in snr mngrl pos, pref in pur utlts, crrntly hldng pst of dy gen mngr, drwng nt less thn Rs 3,000-3,700, pref with MBA (fin) + knwlj of thrml pwr gnrtn, trnsmmsn trff strctre, cmmrcl oprtn of elec ultls, xprnce dlng wth SEBs, cmmrcl agrmnts etc. • *Resp* Frmlte, implmnt corp pots wth rspct to cmmrcl fncns, evlve snd cmmrcl prctces, cntrct fr spply of elec enrgy, frmlte trff strctre, lse with SEBs & other agncs fr rlstn of dues and frmltn of agrmnts, etc. • *Cont* The Senior Manager (Personnel), National Thermal Power Corporation Ltd, Skipper House, NTPC Square, 62-69 Nehru Place, New Delhi 19 (TOI—3.8)

GEN MNGR (Sls & mktng) • New Delhi (or Bombay) • *Sal* Cmmnsrte wth qlfns/xprnce • *Age* 35-40 yrs • *Qlfn* Grad • *Reqd* 5 yrs in smlr posin ltt indus/trvl agncy/cnsmr prod mkt • *Resp* Hd sls & mktng fncns and coord wth trvl/advt agncs • *Cont* The Personnel Manager, Holiday Inn, Balraj Sahani Marg, Juhu Beach, Bombay 49 (TOI—5.8)

FIN CNTRLLR/GEN MNGR (Fin) • New Delhi • *Sal* Attr • *Age* NS • *Qlfn* CA • *Reqd* Xcllnt prfssnl rec wth indpth xprnce in plung, cntrllng & rsng fin + xprnce in dlng wth fin insttns and bnks essntl, pref wth xprnce of rsng fin from NRIs & IFC • *Resp* NS • *Cont* The General Manager (Projects), Industrial Cables (India) Ltd, Jeevan Tara Building, Parliament Street, New Delhi 1 (S—7.8)

FIN DIR • North India • *Sal* Attr • *Age* 40 yrs • *Qlfn* Prfssnl • *Reqd* 20 yrs exp in rep orgnstn. Cpble of dlng with tp lvl ofcls/instutns, ld co in frmltng fin plns & polcs • *Resp* NS • *Cont* Box: AA/246/MN/5, Business India, Wadia Building, 17/19 Dalal Street, Bombay 400001 (BI—10-23.8)

East

GENMNGR (Wrks) • Sodepur (WB) • *Sal* Attr + hsg + prks • *Qlfn* BE (mech) • *Reqd* 15-20 yrs exp in fbrctn + mfg of hvy strctrls, rlwy rllng stcks, prssr vssls, chem plnt mchnry. Lt exchngrs, etc. Cnvrsnt with ltst gen meth + mfg codes • *Resp* Prodn, plnt maint, qlty stds • *Cont* The Personnel Manager, Texmaco Ltd, Belgharia, Calcutta 56 (HT—4.8)

DY GEN MNGR (Fin) • East India • *Sal* Rs 2,625-Rs 3,225 + bnfts • *Age* 45 yrs • *Qlfn* CA/AICWA/SAS • *Reqd* 15 yrs in indus or 3 yrs in resp pos in pblc sctr wth EAS in jr admn grde • *Resp* Fin fncn at prjcts, units or sbsdries as chsn • *Cont* The General Manager (Personnel), Hindustan Paper Corporation Ltd, 75-C Park Street, Calcutta 16 (TOI—7.8)

GEN MNGR (P&A) • East India • *Sal* NS • *Age* NS • *Qlfn* Grad with law and prsnnl mngmnt • *Reqd* 10 yrs in indus in rltd flds • *Resp* Ovrsee prsnnl & admn fncns of co • *Cont* Box No 4393, Statesman, Calcutta 1 (S—5.8)

GEN MNGR • Rourkela (Ori) • *Sal* Attr + hsg + prks • *Age* 45 yrs • *Qlfn* Grad • *Qlfn* Grad • *Reqd* 20 yrs in smll/med indus, min 5 as head of plnt • *Resp* Prdn, maint, QC, admn and plnt accts at smll cmnt plnt • *Cont* Sigma Consultants (P) Ltd, 11 Lamac Street, Calcutta 17 (S—7.8)

South

CHF EXEC (Hsehld prods) • Madras • *Sal* Attr + car + prks • *Age* Max 40 yrs • *Qlfn* MBA • *Reqd* Engg bckgrnd • *Resp* Cmplte chrge of mfg, ovrll admn & fin, lse with mkt div & mv prod devp fr cnsmr & hsehld prods like hsehld clnrs, shoe plsn, shvng crm, aftr shve ltn, tth brshes, etc • *Cont* The Managing Director, New Way Chemicals and Polishes Pvt Ltd, 6 Cathedral Road, Madras 86 (TOI—6.8)

GEN MNGR • Trichy • *Sal* Excllnt • *Age* NS • *Qlfn* Engg grad (mech/chem/instrmntn), pref wth PG deg/dipl in biz mngmnt • *Reqd* 12-15 yrs in indus, tech mrktng, orgnstnl sys, oprtns 2-3 yrs gen mngt expsr • *Resp* Day-day oprtns, ld tm of mngrs in mrktng, engg, mfg, prchse, accntng + admn • *Cont* Personnel Selection Division, ABC Consultants Pvt Ltd, 4 Jagannathan Street, Madras 34 (BI—10-23.8)

BI = Business India, H = Hindu, HT = Hindustan Times, IE = Indian Express, S = Statesman, TOI = Times of India.

Executive positions

West

MNGR (Mktng) • Pune • *Sal* Neg • *Age* 32 yrs • *Qlfn* PG deg/depl in biz or mktng mngmnt • *Reqd* 6-8 yrs in sllng to rplcmnt mkt of auto/indus spre prts wth xpsre to dlr slctn/appntmnt/devp • *Resp* Ld/gde/cntrl tm of fld sls prsnnl, frmlte/implmnt mktng strats to achve bttr mkt shre and sls grwth • *Cont* The General Manager (Marketing), Swastik Rubber Products Ltd, Swastik House, Khadki, Pune 3 (TOI—3.8)

MNGR (Fin) • Bombay • *Sal* Attr & neg • *Age* 35-40 yrs • *Qlfn* CA, pref with AICWA/ACS • *Reqd* 10 yrs in fin fncn, pref in engg indus with xpsre to wrkng cap mngmnt, bdgtng, cstng, lng-trm fin, etc • *Resp* Fin & acctng fncns • *Cont* ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 19 (TOI—3.8)

MNGR (Prsnnl & IR) • Thal (Mah) • *Sal* Rs 3,500-4,200 + hsg + bnfts • *Age* 40 yrs • *Qlfn* PG in prsnnl mngmnt & IR • *Reqd* 12 yrs in dlng wth unions in chem indus + knwlj of Marathi essntl • *Resp* Dl wth union-mngmnt mttrs, dir asstnce to lne mngrs on rtne indus isss, hndle ut affrs, cmplnce wth stry prvsns, admn of wlfre mssres, org P&IR fncn on snd mdrn lnes, devp xstng stff, indct & trn nw prfssnts, etc • *Cont* The Personnel Manager, Rashtriya Chemicals & Fertilisers Ltd, Chembur, Bombay 74 (TOI—5.8)

SR MNGR (Dsgn) • West India • *Sal* Attr & neg • *Age* NS • *Qlfn* Cvl/strctrl engg deg pref PG + fllwshp of inter/nat engg inst • *Reqd* 20 yrs exp in dsgn of stl strctrs fr high-volt trnsmsn lns, xprnce in CAD • *Resp* NS • *Cont* Box: 432 382, Hindustan Times, New Delhi 1 (HT—9.8)

MNGR (sftwre) • Bombay • *Sal* Attr • *Age* NS • *Qlfn* Grad/PG, deg inmngt pref • *Reqd* 15 yrs exp in sftwre devp + implmtn 6 yrs in sr mngrl cap + gd knwldge of crrnt trnds in cmptr sftwre, pref expsr to UNIX oprtng sys • *Resp* Ld in-hse sftwre grp, rnng sftwre cntre as prft-cntre • *Cont* The General Manager, Business Systems Division, Nelco, Mahakali Road, Chakala, Andheri (E), Bombay 93 (BI—10-23.8)

MNGR (Wrks) • Baroda • *Sal* Attr + hsg + prks • *Age* 35-40 yrs • *Qlfn* BE (mech) • *Reqd* 7-10 yrs exp sr lvl in sht mtl kngg indus • *Resp* Expnsn, dvrsfctn & prodn, ovrsee prsnnl, admn fncns • *Cont* The Director, PO Box: 11108, Bombay 20 (BI—10-23.8)

North

MNGR (Prsnnl) • Mohali (nr Chandigarh) • *Sal* Neg • *Age* 40 yrs • *Qlfn* PG in prsnnl mngnt +IR • *Reqd* 10-15 yrs exp in lrge indus co. Expsr to lgl aspctn of prsnnl + admn essntl. Sn knwldg of collec brgng tech. Must know Hindi & Punjabi. • *Resp* IR, recrtmnt, trnng, mnpwr devp, wlfre, prsnnl admn, scrty trnsprt • *Cont* The General Manager, Punjab Anand Lamp Industries Ltd, SCO 112-113, Sector 8-C, Madhya Marg, Chandigarh 8 (HT—4.8).

(Plnt) • Barnala • *Sal* NS • *Age* NS • *Qlfn* BE (mech/chem) • *Reqd* 5-7 yrs exp in ferrc alum plnt or smlr unt. 3 yrs as in-chrg prodn • *Resp* Erctn cmmsng + trbl free rnng of plnt • *Cont* The Director, Punjab Aluminium Products ltd, 85 Industrial Area 'A', Ludhiana (HT—6.8)

MNGR (R&D-org chems) • Gajraula (WP) • *Sal* Attr + prks • *Age* 35-45 yrs • *Qlfn* MSc (org chem)/MTech (chem/plymr tech) and Phd • *Reqd* 10-12 yrs in R&D in smlr chem org or prmr rsrch org • *Resp* Ld tm of rsrchrs in rsrch twrds mfg of drtvs of vinyl acclate monover such as polyvinyl alcohol/butyral, ethylene vinyl accetate copolymer, etc + intrmdrs of vinyl acelate monomer lke acctic anhydride, acetic acid and acetaldehyde • *Cont* The Corporate Personnel Manager, Vam Organic Chemicals ltd, 3rd Floor, Skyline House, 85, Nehru Place, New Delhi 19 (TOI—7.8)

MNGR (Mktng) • Delhi/Ludhiana • *Sal* Rs 5,500 pm + prks • *Age* 32-42 yrs • *Qlfn* Mngmnt grad • *Reqd* 10-12 yrs rel exp in hrd sll cnsmr prods + gd trk rec, rslt orntd • *Resp* Plnng, orgnsng + cntrlng mrktng actvts • *Cont* Personnel Selection Division, Mantec Consultants, 805 Vishal Bhawan, Nehru Place, Delhi 19 (BI—23.8)

East

MNGR (Ancllry devp) • East India • *Sal* Attr + hsg + prks • *Age* 35 yrs • *Qlfn* BE (mech/mtllrgcl) • *Reqd* 10-15 yrs in indus wth min 5 in snr mngrl pos • *Resp* Hd dept resp for devp ancllry indus fr rpd indgnstn of cmpnnts tlsn wth co's dsgn, AC, mfg and spply fncns fr ensrng accptnce & initial spply of itms wthn spcfd tme, cst, qlty prmtrs • *Cont* A.F. Ferguson Associates, Apeejay House, 5th Floor, B Block, 15 Park Street, Calcutta 16 (TOI—3.8)

South

MNGR (QC) • South India • *Sal* Rs 60,000 pa + prks • *Age* NS • *Qlfn* BE (pref mtllrgy) • *Reqd* 15 yrs exp in QC assrnce in qlty cnscse orgnstn + sns knwldg of SQC, zerodefect cncpt essntl • *Resp* NS • *Cont* Box No. 6975, The Hindu, Madras 2 (H—8.8)

MNGR (MIS) • Hyderabad • *Sal* Attr • *Age* NS • *Qlfn* CA/MBA (fin)/M Com • *Reqd* Fr deg of expsre to cmptrs + knwlj in funcnl areas of fin accntng, shrhldr srvcs, mtrl accntng, invntry cntrl, etc • *Resp* Pln dsgn implmnt MIS • *Cont* The President, BLL Finance & Industries Ltd, 19 Nagarjuna Hills, Hyderabad 82 (H—9.8)

MNGR (Prdn) • Hosur (TN) • *Sal* Neg + hsg + prks • *Age* 28-35 yrs • *Qlfn* BE (chem) or PG in chem) • *Reqd* 10 yrs exp in oprtng chem plnts + 5 yrs mngng sctn or shft of 50 wrkrs • *Resp* All prodn actvt, co-ord with maint, strs + prsnnl depts • *Cont* The Chief Executive, Macwin Explosiver & Accessories Pvt Ltd, 120 Ulsoor Rd, 1st Cross, Bangalore 42 (H—12.8)

MNGR (Prdn) • Hyderabad • *Sal* Neg • *Age* NS • *Qlfn* Mech/Indus eng • *Reqd* 8-10 yrs exp of dir prodn line in smlr indus • *Resp* Prdn func • *Cont* The Manager (Administration), Nagarjuna Steel Ltd, Patancheru, Medak dis, AP, (H—12.8)

MNGR (Prdn — vlvs) • Coimbatore • *Sal* Attr & neg • *Age* 30-40 yrs • *Qlfn* grad mech eng • *Reqd* 10 yrs mach shp exp, 3 yrs at sr lvl of rep lt engg co + ablty to cnvrse in Tamil essntl, knwldg of wldng, hrd fcng tech + exp in vlve indus des • *Resp* Prcss plnng, sel, instltn of eqp + tl tryouts, hd prdn func • *Cont* The Manager (P&A), KSB Pumps, 151 Mettupalayam Road, Narasihanaichenpalayam, Coimbatore 31 (H—13.8)

Overseas

MNGR (Prdn) • Sierra Leone • *Sal* Svngs of USD 8,000 pa + hsg + prks • *Qlfn* Chem eng/oil/ft tech • *Reqd* 5-7 yrs hnds on exp in mfg of wde rnge of spr 'Expsr to cont saponification prcss, Shpflr xprnce + ablty to imprvsed with lcl raw mtrls • *Resp* NS • *Cont* Datamatics Staffing Services, PO Box: 106, GPO, Bombay 1 (GT—5.8)

MNGRS (Biz) • Oman • *Sal* Neg + hsg + prks • *Age* 35-40 yrs • *Qlfn* PG buss mngt, gd acad rec • *Reqd* 10 yrs mrktng + gen mngt exp in cnsmr gds/drbls/bldng-cnstrctn mtrls • *Resp* NS • *Cont* PO Box: 8111, Muttrah, Sultanate of Oman (BI—10-23.8)

MNGR (Prdn — can mkng plnt) • Yemen Arab Republic • *Sal* USD 690 + YR 1200 + prks + hsng • *Age* NS • *Qlfn* BE (mech) • *Reqd* 10 yrs exp in lrge automtd can plnts + xpsre to krupp + soundronic mach + Lanico + Soundronic for aerosol cans • *Resp* NS • *Cont* Datamatics Staffing Services, PO Box: 106, GPO, Bombay 1 (H—11.8)

SR MRKTNG PRFSNL (+ext mach exprt) • Bangkok • *Sal* Attr & neg • *Age* 40 yrs • *Qlfn* Engg grad/txtle tech, MBA • *Reqd* 15 yrs exp in mrktng of text mach/compnts expsr to exprt mrktng • *Resp* Thrst in mrktng prods thrgh devp of Far East Mrkts • *Cont* Personnel Selection Division, ABC Consultants Pvt Ltd, 4 Jagannath Street, Madras 34 (H—12.8)

PRESIDENT – MARKETING

North India **Age: Around 40 years**

A leading and reputed organisation manufacturing and marketing a well known consumer durable product in collaboration with one of the best known international brands, wishes to recruit a President-Marketing. The company which has a turnover of over Rs. 150 crores has had an exceptional growth record which it hopes to maintain.

The President-Marketing would report to the Managing Director and will be responsible for all aspects of sales and marketing and after sales service. This is a key function as the company is in a highly competitive market.

The incumbent will be expected to formulate and implement the company's marketing strategy, review and strengthen the dealer network particularly for after sales service and most important of all he will have to build a strong marketing organisation which will enable the company to achieve its extremely ambitious growth targets.

The ideal candidate would already be heading the marketing department in an organisation that has all India marketing operations. He will have expertise in all facets of sales and marketing gained in a consumer durable or a consumer product or an engineering organisation. An MBA would be preferred.

Elevation to the Board would be considered after a year based entirely on the incumbent's performance.

The emoluments which are negotiable would be attractive enough to attract the best candidates in the country. The company offers an excellent compensation package which includes housing, car with driver and other top management benefits.

Please apply in strict confidence within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes must be marked **'Ref: MS/4580'.**

Appointments

ABC's major specialisations include Corporate Consultancy • Project Reports • Operations Research • Industrial Engineering • Systems & Procedures •

VICE PRESIDENT
COMMERCIAL OPERATIONS

New Delhi **Salary & Perks: Excellent**
Age: Over 35 years

A leading marketing organisation with over 20 branch offices in India and abroad is looking for a dynamic and mature person to head its commercial operations from Delhi.

The Vice President designate will have the responsibility for overall management of the following functions:

- ★ **Finance**
- ★ **Accounts**
- ★ **Corporate Law & Taxation**
- ★ **Purchase**
- ★ **EDP**

Ability to provide effective leadership and direction to a team of professionals is the essence of the job.

Applicants should have necessarily headed the Finance & Accounts functions in a large company for at least five years, if not more. Experience in managing/associating with the other functional areas would also be desirable though not absolutely necessary, as each department mentioned above is already headed by a competent professional.

Designation apart, the position is in the top management group of the company and in addition to salary and very liberal perquisites, also entitles the person to a profit commission on the company's operations.

Please apply in strict confidence within 7 days giving details of age, qualification, salary drawn to **V S Gurumani, General Manager** quoting job title and code VPCO/DEL/307.

ABC CONSULTANTS PRIVATE LIMITED
209 MEGHDOOT, 94 NEHRU PLACE, NEW DELHI – 110 019 PHONE: 6433383

Computer Feasibility • Organised Cost Reduction • SWOT Analysis •

Socio Economic Studies • Materials Management • Software Packages • Business Negotiations

GROUP GENERAL MANAGER
FINANCE

Delhi **Terms negotiable**

A large and rapidly expanding industrial Group, currently implementing a number of projects in diverse industries, each with a capital investment ranging from Rs. 10 crores to over Rs. 100 crores, needs a senior and experienced executive at the level of General Manager reporting to the Director Finance, at the Group's head office in Delhi. He will be responsible for controlling the finances of the Group, evaluating investment opportunities, and assisting in investment decisions. He will be responsible also for formulating and monitoring the accounting, management information and budgeting systems in companies of the Group.

Candidates should be Chartered Accountants or MBAs with relevant experience in the nature of work involved in the job responsibilities. Preferred age : below 45 years.

Salary is negotiable and will not be a constraint in attracting the best available talent. Perquisites include liberal house rent allowance, car and driver, LTA, medical and retirement benefits.

Applications giving full particulars of age, qualifications, experience and salaries drawn should be sent within five days to :

PERSONNEL SELECTION & DEVELOPMENT PRIVATE LTD.
50 Anandlok Colony, New Delhi-110049.

All applications will be treated in strict confidence. Candidates who are being considered will receive an intimation within one month.

ABC's major specialisations include Corporate Consultancy

GENERAL MANAGER — MARKETING

Automotive Products

New Delhi **Top Management Terms**

We have been retained by a large industrial house to locate for them a General Manager — Marketing to be based at Delhi for **all-India Marketing** of their automotive products. The position is in a multi-unit/multi-product group company with annual **turnover of over 100 crores.**

The Company's automotive products are manufactured with **foreign technical collaboration** and their production has been expanding over the years. The Company is now strengthening its marketing department to meet the increased marketing requirements.

The incumbent will need to have the ability to **achieve high sales targets,** plan publicity and promotion, organise town-wise dealer network etc., **in a highly competitive business environment.** The sales are to OEMs, state transport undertakings, trade etc., and cover commercial vehicles, tractors and agricultural stationary diesel engines.

Applicants should have about 7 years experience in a senior managerial position in marketing function of a large company; experience in marketing of automotive products will be preferred.

Starting salary will be over 6000/- per month, with facility of housing, conveyance, medical, LTA, CPF, gratuity, etc.

Apply in strict confidence within 10 days with detailed biodata to **V S Gurumani, General Manager** quoting job title and code GMAP/DEL/304.

ABC CONSULTANTS PRIVATE LIMITED
209 MEGHDOOT, 94 NEHRU PLACE NEW DELHI – 110 019 PHONE: 6433383

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Computer Feasibility • Organised Cost Reduction • SWOT Analysis

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SAMTEL COLOR LIMITED

Our Group is the largest manufacturer of Black & White picture tubes in the country with a group turnover of Rs.70 crores. We are now setting up a factory at Ghaziabad to manufacture colour picture tubes in collaboration with Mitsubishi electric corporation of Japan with an investment of Rs.70 crores. We have the following opening at our Delhi office.

GENERAL MANAGER
(MARKETING SERVICES)

General Manager (Marketing Services) will be responsible for market research, new product introductions and market development. He will be actively involved in evolving and formulating the requisite plans and strategies for marketing picture tubes at corporate level. He will also be responsible for identifying and developing export markets for picture tubes and other related products. He will be required to direct and lead a group of technically qualified and experienced marketing professionals. The position calls for high conceptual ability, creative thinking, excellent communication and interpersonal skills.

Applicants should have post graduate qualification in management from a recognised institution with specialisation in marketing and having a minimum of 15 years experience in industrial marketing preferably to OEM customers. Salary and perks for this position will be excellent to attract the best talent.

Please apply in strict confidence within 10 days to:

Managing Director
SAMTEL COLOR LIMITED
21 Community Centre, New Friends Colony, New Delhi - 110 065

GENERAL MANAGER — COMMERCIAL

NEW DELHI
Re: MCS/D/269

Excellent salary and perks

We have been retained by a professionally managed light engineering company manufacturing consumer durables for locating a "General Manager — Commercial" for them, for their head office at New Delhi.

The Company is the national Market Leader in its products, having an annual turnover of over Rs.100 crores.

The "General Manager — Commercial" will have integrated responsibility for optimisation of sales including product development, publicity and promotion, monitoring of competitors' activities and optimisation of works operations.

Applicants should have about 10 years successful management experience in a senior position of a large organisation. What is needed is business and financial acumen, with pronounced marketing bias.

The position offers opportunity for growth to executive director level.

The salary will be over Rs.6000/- per month. In addition, facilities of conveyance, housing, medical, LTA, gratuity, contributory provident fund etc. are available.

Please apply within 10 days with complete bio-data marked with the appropriate reference number to:

Price Waterhouse
B-102 Himalaya House
23 Kasturba Gandhi Marg
New Delhi-110 001

Appointments

TAFE

Tractors and Farm Equipment Limited, Madras, a unit company of the Amalgamations Group, one of the largest light engineering groups in the South, is engaged in manufacturing and marketing world famous Massey Ferguson tractors for over 25 years. A pioneer in farm mechanisation, it has an annual turnover exceeding Rs. 100 crores.

Madras **Senior Level Remuneration**

GENERAL MANAGER – MARKETING (GMM)

The candidate should be an outstanding Engineering Graduate with about 15 years experience in Sales, Service, Parts and Dealer Organisation. A post-graduate in Business Management preferred. Only age group of 35-45 eligible.

Shall be responsible for innovating and implementing an aggressive marketing strategy; Demand forecasting/Sales Budgeting; Developing Market intelligence and creating a market data base; deploying and developing professional territory staff and managerial specialists at the Corporate Office.

GENERAL MANAGER-INFORMATION SYSTEMS (GMIS)

Candidates should have professional qualifications from leading institutions. They should have a minimum of 10 years experience in a manufacturing organisation, covering hands-on design/implementation of computer applications, effective interface with senior management and user departments and a proven track record of accomplishments including selection, training and management of a group of computer professionals.

The candidate will have overall responsibility for developing and implementing the total information strategy at the company's corporate office and at its various operating units. This includes:

*** On-line systems * DBMS * CAD/CAM * Simulation**

He will guide and direct a team of technical staff, as well as effectively liaise with Divisional/General Managers, and user departments.

These positions are in the Senior Management Cadre of the Company. In addition to salary, all senior level benefits and perquisites including housing will be provided. These will be challenging opportunities for dynamic and experienced professionals.

Please apply in strict confidence within 10 days to: Tractors and Farm Equipment Limited P O Box 3302 Madras 600 034 giving full details of age, qualifications, present emoluments item-wise, remuneration expected and a passport size photograph. Superscribe the envelope with GMM or GMIS as the case may be.

INDIA GLYCOLS LIMITED

India Glycols Ltd., promoted by Vam Organic Chemicals Ltd., is setting up a Rs. 80 crore project to manufacture Mono-ethylene Glycol (MEG). The plant will be commissioned in the second half of 1988, at Kashipur in Nainital district.

MEG is an insubstitutable raw material which, along-with DMT or PTA, is required for the manufacture of polyester staple fibre and filament yarn. IGL will, for the first time in the world, use molasses, instead of a petro-chemical derivative as raw material.

Leading international companies are involved with this project. Scientific Design Inc. of USA is supplying the technical knowhow. Biotim NV of Belgium is providing the technology for converting industrial effluents into methane-rich bio-gas. Toyo Engineering India Ltd., an associate of Toyo Engineering Corporation of Japan, will take care of the detailed engineering, supply of indigenous equipment and construction of the project.

The location itself, Kashipur, is ideal. It is a mere four hours from Delhi. The environment is clean and picturesque. It has all urban facilities like good convent schools and colleges. A fine holiday retreat, Nainital, is nearby. And the IGL colony will be a model of contemporary living, complete with parks, recreation centres, CCTV, etc.

To ensure the successful commissioning and subsequent running of the plant, IGL is looking for :

GENERAL MANAGER – WORKS

This is the seniormost position in the factory and the incumbent will report to the President of the company.

His responsibilities will include :

- monitoring all construction and commissioning work at the factory
- interacting and training with collaborators abroad for the successful absorption of technology
- building a motivated team
- and making sure that the project is implemented on schedule.

Given the nature and requirements of the job, the potential for goal fulfilment and professional satisfaction is very high.

Exceptional technical and management skills are however required.

Maturity, vision and the ability to inspire a team are essential.

The right person should have about 15 years' experience in a large chemical plant, five of which should have been in a top-management slot. Experience in commissioning a plant would be an added advantage.

The compensation package is competitive and has been designed to attract the best talent in the country. If interested, please write to

S. Ganesh
India Glycols Limited
Skyline House
85, Nehru Place
New Delhi-110 019.

INTERFACE-6901 A

Industrial Cables (India) Ltd.

Industrial Cables (India) Limited, a multi-unit, professionally managed manufacturing company based in North India, with present annual turnover of about Rs. 60 crores, require for their Corporate Office, various Divisions and Subsidiary Companies the following professionals:

FINANCIAL CONTROLLER/GENERAL MANAGER FINANCE (DELHI)

Should be a CA with an excellent professional record and with indepth experience in planning, controlling and raising finance. Experience in dealing with the All India Financial Institutions and Banks is essential. Experience in raising finance from NRIs & IFC is desirable.

GENERAL MANAGER PROJECTS/PROJECT MANAGER (DELHI)

Should be a qualified engineer with an excellent professional record and with indepth experience in planning, co-ordinating and execution of projects of large size. Knowledge of PERT/CPM techniques and track record of executing project within the budgeted time and cost parameter is essential.

MANAGER ACCOUNTS—STEEL DIVISION (HARYANA)

Should be a qualified CA with about 10 years experience in well reputed concerns out of which at least 3 years should be as the Head of Accounts & Finance Department.

COMPANY SECRETARIES (PUNJAB & HARYANA)

Qualified Company Secretaries with 5 to 10 years experience in well reputed companies, capable of independent operation should apply.

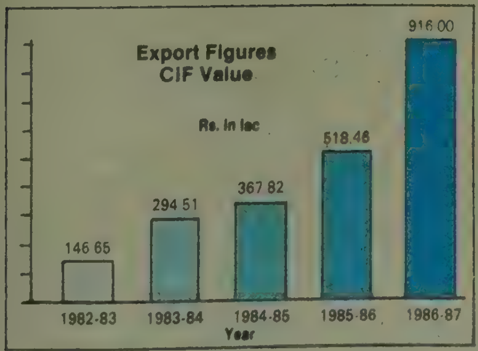
The above positions demand motivated & result oriented professionals and attractive remuneration packages will be offered to the right persons. Please apply in confidence giving details of qualifications, experience, age, present and expected salary within seven days to:

General Manager (Projects)
Industrial Cables (India) Ltd.
Jeevan Tara Building, Parliament Street,
NEW DELHI-110 001.

Worldwide acceptance...rising export figures ...

That's the way the leader rides!

RMI's exports soar even when others fall.



RMI's the cycle that's made a name for itself in over 50 countries. Ranging from the Middle-east to Africa and Europe. A tribute to its impeccable quality, tough construction.

In fact, while exports of other Indian cycles are falling, RMI is continuously moving up Winning global tenders worth crores from World Bank, UNDP, USAID and others. Against Japan, Taiwan, Korea, China, UK, France, Austria and Brazil.

What's more, RMI is the first Indian company to set up its own factory abroad—in Uganda. And even earn foreign exchange through technical know-how provided to others. Feats no other Indian bicycle manufacturer can match.

It is this world-class expertise that's behind each RMI cycle you buy. Whether for pleasure, sport, fitness or health. And above all, riding to work or carrying your load.

Get yourself a RMI cycle. And ride the way the world does.

ROADMASTER GROUP

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INDIA'S LARGEST EXPORTED BICYCLE

CLARION D

A GIFT FOR ALL OCCASIONS.

With Best Compliments

Sonell Gifts. In a wide variety of styles and models. With the stamp of quality. And the aura of a thoughtful gift... for any occasion.

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QUARTZ CLOCKS

Table & Wall Clocks, Pen & Watch Sets & Table Accessories

Manufactured by: Shah Industries
Marketed by: **Sonell Marketing Co.**
Prop. Sonell Travelgoods Pvt. Ltd.
308, Narshi Natha Street, Bombay - 400 009. Phone: 330767-330758-338464-324130
Southern Regional Office: 23, IInd Main Road, Vyalikaval, Bangalore-560 003. Phone: 368982.

LML LIMITED

PIAGGIO

DIVISIONAL MANAGERS

Bangalore, Bhopal, Calcutta
Chandigarh, Delhi, Madras

Gross emoluments: Rs 1.25-Rs 1.50
lakhs per annum

LML Limited with a turnover in excess of Rs. 200 crores per annum is today the second largest manufacturer of two wheeler scooters in the country. It has reached this position within 3-4 years of starting production, a feat unparalleled in the two wheeler industry in the country. Today it is in a highly competitive industry and the company is in the process of strengthening its marketing organisation to not only meet competition but to also achieve a turnover of Rs. 300 crores in the next 2 years.

The Divisional Managers would report to the head of marketing at the Head Office. They would be responsible for a zone and would have either regional managers or area managers reporting to them along with administration and accounts managers at the zonal office. They will be based at the locations indicated above and will be responsible for ensuring that the company's marketing policies are implemented, dealers properly serviced, customer complaints promptly attended to and that high standards of after sales service are introduced, maintained and improved upon.

The candidates likely to meet the requirements of this position would be Engineer MBAs, aged around 35 years who have had a sound background of marketing in a competitive environment in a multinational/reputed Indian business house.

The emoluments are likely to be negotiated between the figure given above and are inclusive of housing and conveyance. In addition the position carries the usual benefits of medical, PF, gratuity, etc.

Please apply in strict confidence within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes must be marked **'Ref: MS/4581'.**

the concept *have been retained by an organisation having leading Japanese collaboration and attitude to high growth in the field of CTV s, B&W TVs & other Consumer Electronic Products. The company has now entered into Washing Machines with Japanese collaboration & intends consolidating this product line as one of the major turnover divisions with the company; they intend doing a turnover of over Rs. 60 crores per annum 3 years hence.*

Our clients are professionally managed company and provide an excellent work environment where talent is encouraged and merit is the key to carrier growth.

MARKETING MANAGER
WASHING MACHINES DIVISION

The Job: Marketing Manager selected would be responsible for development and implementation of Marketing strategies & plans for the range of Washing Machines as a product line, product management, product pricing, Advertising & Sales Promotion and market intelligence. The assignment would call upon special strengths in the area of product launch and support to sales in competitive environment.

The Candidate: Young and dynamic Marketing Professional preferably an MBA from a leading institute of Management & 5-7 years of Product Management experience in a Medium/large Consumer Durable Product company preferably in a multi-product environment is the kind of candidate we are looking for. He must be an achiever having proven ability to perform.

The Environment: The above position reports to Dy. General Manager-Marketing of the company; the organisation offers an environment of challenge and responsibility within a young and professional team. Outstanding performer is assured of growth opportunities.

Location: The Marketing Manager will be based at Bombay.

Remuneration: It includes a generous salary & perquisites such as HRA, LTA, Medical, Conveyance Allowance, etc.

Please write within 7 days, giving particulars to:

CHANDER BATHEJA
Chief Executive

THE CONCEPT
Counsel of Management Services,
67, White Hall
(Next to Hotel Shalimar at Cumballa Hill),
143, August Kranti Marg,
BOMBAY-400 036.
Phone Nos: 8224422-23.

EXPRESS 704

Appointments

A leading multi-product electronics company with an excellent growth record and ambitious expansion and diversification plans wishes to recruit the following executives to be based at New Delhi. Already an established brand leader in entertainment electronics, with a turnover of over Rs. 50 crores, the company offers excellent prospects for career growth to result-oriented persons.

MARKETING MANAGER—COMPUTERS

(MS/4585)

As part of its diversification programme, the company is collaborating with an internationally renowned organisation for the manufacture of computers, monitors and peripherals. The incumbent would play a pivotal role in building and leading a strong national marketing organisation. He would be responsible for establishing and operating an all India sales/distribution network, formulating and implementing the marketing strategy and for product development, pricing, advertising and promotion.

Candidates should have a degree in electronics and have had 8 to 10 years experience in selling and marketing of electronic items and computers. A post graduate qualification of MBA with specialisation in marketing would be preferred.

MARKETING MANAGER—COMPONENTS

(MS/4586)

The company is diversifying into the marketing of TV components which are presently being manufactured for captive consumption only. As such the Marketing Manager — Components would head this activity and be responsible for sales forecasting, target setting and achievement, formulation of marketing plans/strategy, setting up of an all India marketing network and recruiting and motivating sales personnel.

Applicants should be engineers, preferably in electronics with about 8 to 10 years experience in marketing of electronic items. Those with an additional MBA qualification with specialisation in marketing would have an advantage.

PRODUCTION MANAGER—LOUD SPEAKERS

(MS/4587)

The company is further diversifying into the manufacture of loud speakers. As such the Production Manager who would report to the General Manager, would coordinate all activities relating to this project to ensure its timely commissioning. The incumbent would be made in-charge of the production function once the project goes on-stream.

Candidates should be mechanical engineers with around 8 to 10 years experience in the electronics industry.

QUALITY CONTROL MANAGER—COMPONENTS

(MS/4588)

The incumbent would head the quality control function for the components manufacturing division of the company and report to the DGM (Production). The company lays great stress on quality control and has set up sophisticated testing facilities at the unit.

Applicants should be electronics engineers with around 8 to 10 years relevant experience, of which atleast 2 to 3 years should be as head/assistant head of the quality control department of an organisation in the electronics industry.

ASSISTANT PRODUCTION MANAGERS (TV)

(MS/4589)

Incumbents who would be located at the company's existing TV manufacturing units would report to the Production Manager and assist in all production activities including production planning, scheduling, coordinating with quality control, maintenance and materials departments, etc.

Candidates should be electronics engineers with 2 to 3 years similar experience.

PRODUCTION ENGINEERS

(MS/4590)

Incumbents would report to the Production Manager and be assigned specific responsibilities in the production function.

Candidates should be electronics engineers with 1 to 2 years work experience in the electronics industry.

Compensation for the above positions is negotiable and shall not be a limiting factor for the right candidates.

Please apply in strict confidence within 10 days to:

A F Ferguson Associates
Hansalaya, Barakhamba Road, New Delhi-110 001.

Applications and envelopes must be marked with the relevant MS reference numbers.

MARKETING MANAGER - TV

DELHI ATTRACTIVE TERMS

ONIDA is a well known, professionally managed, growing and dynamic organisation.

We require a Marketing Manager to head our marketing department.

The position calls for a person with leadership quality having drive, conceptual ability and strong capability of getting alongwith people.

The incumbent will be responsible for devicing Marketing strategy, conducting Marketing research, Advertisement budgeting and Media planning etc. besides leading his team to better dealer relations.

MBAs with specilisation in marketing and having atleast 5 years experience in a senior managerial capacity will be preferred.

The company offers a professional working environment. Salary will not be a constraint for the right candidate.

Please apply in strict confidence giving name, family background, hobbies and interests, correspondence address, educational and professional qualifications, experience, achievements, last salary drawn etc. alongwith one recent passport size photograph to :

Corporate Human Resources Department,
Monica Electronics Pvt. Ltd.,
GA-2, B-1, Extn., Mohan Co-operative Indl. Estate,
Sher Shah Suri Marg (Mathura Road),
Badarpur, New Delhi-110044.

ONIDA

ABC's major specialisations include Corporate Consultancy

Project Reports • Operations Research • Industrial Engineering • Systems & Procedures

PROJECT MANAGER

Glass Industry

Near Delhi

Excellent Terms

Our clients are a well established group famous for their quality products. They are looking for a Project Manager for their new unit to manufacture **superior glass products** being put up with **technical assistance from a leading European country** in the field.

The incumbent will report to the MD and will be totally responsible for finalization of project plans and selection, installation & commissioning of plant & equipment. Subsequently he will be head of the works and achieve rated production. Key result areas are **coordination with foreign technical collaborators, transfer & implementation of technology** and interaction with Government, local bodies & financial institutions. Candidates should preferably be **glass technologists** with professional qualification and at least 10 years hands-on relevant experience, including **setting up of a similar project.** Preferred age: around 40.

Our clients are looking for a proven **high performer** and will negotiate an excellent remuneration package. Please apply in strict confidence within 10 days to **V S Gurumani, General Manager,** highlighting details of relevant experience and quoting job title & code PMGI/DEL/306.

ABC CONSULTANTS PRIVATE LIMITED
209 MEGHDOOT, 94 NEHRU PLACE, NEW DELHI – 110 019 PHONE: 6433383

Materials Management • Industrial Engineering • Business Negotiations

Organised Cost Reduction • Computer Feasibility • Socio Economic Studies • SWOT Analysis

Appointments

SIP RESINS LIMITED

We are a professionally managed Company engaged in the manufacture & marketing of Synthetic Resins with a Sales Turnover of Rs. 10 Crores.

PRODUCT DEVELOPMENT MANAGER (CIVIL)

LOCATION : MADRAS **GROSS : Rs.60,000/Annum**

The right candidate will have a degree in Civil or Structural Engineering with 5-6 years of experience in the construction field (bridges, dams or irrigation). Those familiar with the application of Epoxy Resin and other polymers in the Civil Engineering field preferred. The incumbent is expected to develop a market for Epoxy Systems in the field of Civil Engineering by liaising with consultants, architects and contractors. He will be responsible for leading and motivating a team of Sales Officers placed at various parts of the country. His responsibilities will also include organising seminars, developing Product literature and Technical bulletins, in addition to getting the product specified by consultants & Apex bodies from the inception of the project itself. He will be responsible for the overall profitability and growth of this department.

ASSISTANT MANAGER (SALES)

LOCATION : MADRAS **GROSS : Rs.50,000/Annum**

The incumbent should be an MBA from a reputed institution with about 5-6 years experience in industrial marketing preferably through dealer network. He will report to the Marketing Manager and will be responsible for identifying market needs, reviewing product mix, annual forecasting & trend analysis. He will also assist the Marketing Manager in product publicity, new product introduction and in organising sales with a view to enhancing market share & profitability.

Age around 30-35 years for both positions.

Selected candidates can expect a professionally rewarding environment. Salary will not be a constraint for deserving candidates.

Apply within 10 days, along with a passport sized photograph with full particulars about position held & notable achievements to the

Administrative Manager,
S I P Resins Ltd.,
116, Dr. Radhakrishnan Salai,
Madras 600 004.

epoxite®
The Versatile Epoxy Resins

JAISONS SIP 287

Appointments

Micromatic

We are a "fast growing professional organisation ***marketing High Precision Computer Numerical Control Machine Tools*** *viz.* ***CNC Lathe, CNC Grinders, CNC Machining Centres;*** *besides other High-Tech machines manufactured at three plants in India. Recognition has come in the form of Export orders from highly competitive European machine tool manufacturing countries. With new plants being set-up to meet the growing demand, we are anticipating* ***5-fold increase in turn-over before the end of the decade.*** *We require professionals who thrive on challange and are committed to achieve excellence in the arena of man-machine interface. The openings exist at* ***Delhi, Bombay, Madras, Bangalore and Calcutta.***

1. REGIONAL MANAGER (NORTH)— DELHI

The incumbent will have the overall responsibility of managing a team of highly experienced sales and service engineers besides looking after complete liason with Govt. agencies. Graduate in Mechanical Engineering with 10 years experience in marketing capital goods, preferably machine tools. Some experience in manufacturing, maintenance of machine tools will be advantageous.

2. DEPUTY MANAGER (NORTH)— DELHI

Graduate in Mechanical Engineering with 4-6 years experience in Machine Tools sales and servicing.

3. MARKETING EXECUTIVES— DELHI, BOMBAY BANGALORE

Graduate Engineers with 1/2 year experience in manufacturing in a light engineering unit. Aptitude for marketing an essential requirement.

4. RESIDENT ENGINEER— MADRAS, CALCUTTA

Graduate with 2/3 years experience in marketing capital goods. Should be familiar with the engineering industry in the region.

The incumbents must possess good communications and interpersonal skills. Attractive salary and perquisites will be offered to persons as per their merit and achievement record. Please apply with a detailed Bio-data and a passport sized photograph within 10 days.

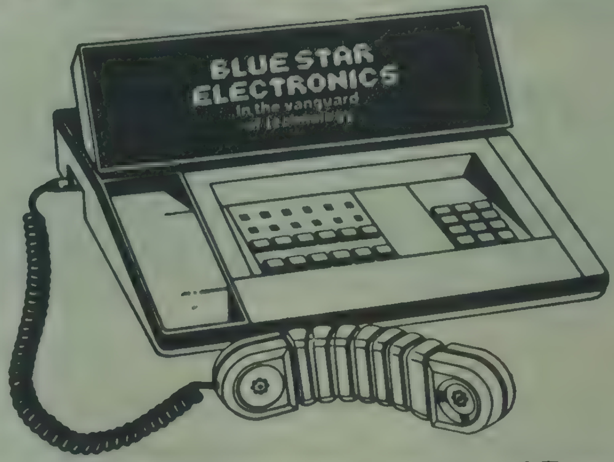
MICROMATIC SALES CORPORATION
C-40/1, Industrial Area, Meerut Road,
GHAZIABAD-201 003
Phones: 8-42075, 8-42401, 8-42359
Telex: 0592-250 PSY IN Gram: MICROMATIC

msc

Classic

Appointments

Our fast-expanding OnLine EPABX operations offer exciting growth opportunities for you!



Manufacture of OnLine EPABX Systems, in collaboration with Jeumont-Schneider of France, has commenced at our modern electronics factory at Gandhinagar. Our fast-growing marketing and support organisation offers excellent career opportunities for the right people.

PRODUCT MANAGER

Bombay

To provide techno commercial support to all regions on sales of large EPABX systems. Electronic/Electrical Engineers with good knowledge of microprocessor technology and minimum 5 years' experience in sales/customer support functions in the computer/industrial products environment required.

MARKET SUPPORT EXECUTIVE

Bombay

Will be responsible for the entire gamut of marketing activities such as strategies and tactical plans to improve market share, advertising and product promotion, pricing, etc. We require MBAs with Engineering or Science background and 2 years' experience in industrial marketing.

AREA MANAGERS/ASSISTANT MANAGERS

Ahmedabad/Bombay/Calcutta/Madras/Pune

To manage the operations profitably in assigned territory and to lead a team of sales and service personnel, we require Electronic/Electrical Engineers with minimum 5 years' sales experience in computers/industrial marketing.

SALES EXECUTIVE

Ahmedabad/Bombay/Calcutta/Delhi/Madras/Pune

To develop and enhance our customer base and achieve sales targets in assigned territory, we need Electronic/Electrical Engineers or Post Graduates in Science with 2 years' sales experience, preferably in highly competitive industrial marketing.

CUSTOMER ENGINEERS

All Major Cities in India

To install, commission, maintain and repair EPABX systems, we require Electrical Engineers with 2 years' experience in maintaining microprocessor based equipment. Good knowledge of digital communication is essential.

Remuneration for all posts: Will compare with best in industry.

Please write to us within 15 days with details of age, qualifications, nature of experience and present remuneration to the Manager-Personnel, BLUE STAR LIMITED, 414/2 Veer Savarkar Marg, Prabhadevi, Bombay 400 025.

Please superscribe the envelope with position applied for.

★ BLUE STAR

MUDRA

WHERE
SUCCESS
IS A
PROCESS
NOT AN
EVENT

■ ■ ■

Mudra Communications. India's fastest growing advertising agency. With a variety of other business interests. Market research. Management consultancy. Video software. Textile design. Corporate and financial advertising. Small budget promotions. And merchandizing. Rapidly evolving into the country's first one-stop marketing support services company.

Mudra Communications today has a turnover of Rs.28 crores. The first advertising agency in the country to do so. In seven years of existence.

Mudra Communications has a well entrenched culture of corporate entrepreneurship. Achievement oriented, value guided, performance driven young professionals set the pace. Project leaders are usually in their mid-twenties. An environment, physically and psychologically conducive to the realization of individual capabilities, has been consciously created. Recognition, remuneration and responsibility are linked to results. At Mudra, only one thing counts. Performance.

POSITIONS AVAILABLE

1 Senior Corporate Executives

The candidates should be young professionals in the age range 22 - 24, with a PGDBM from XLRI. The candidates must have taken courses in organization design and development, inter-personal relations, group dynamics, training and skills development, performance and personality measures and labour laws.

Work experience of 12 to 24 months in employment situations is mandatory.

Candidates must be committed to shaping careers in organization building. They must have excellent communication skills, both written and oral. Exposure to consumer behaviour theories is desirable. An ability to use personal computers would be an added asset. Above everything else, the candidates must seek to self-actualize through working with people in organizations.

Candidates will be put through a rigorous 45-day induction programme, after which they will be entrusted with interesting assignments.

Salary will depend entirely upon merits.

2 Management Trainees

The Candidates should be young professionals in the age range 21-23, with a post graduate degree or diploma in management from any of the nationally reputed business schools. A specialization in marketing and/or market research and a limited experience of 4 to 6 months in industry are mandatory.

Candidates must have an outstanding academic record and a demonstrated range of extra-curricular interests. An excellent ability to communicate, both orally and in writing, is a must.

Management Trainees should be willing to undergo a rigorous year-long training programme. During this period candidates will be paid a consolidated stipend of Rs.1,800/- per month. On successful completion of the training programme, candidates will be placed in suitable grades, in any of the company's offices or divisions throughout the country.

If you believe that you are eligible for any of the above positions, please send your bio-data, alongwith a 100 word write-up on "The Person I am" to :

Corporate Manager,
People and Organization Development Department, Mudra Communications Pvt. Ltd.,
Manikyam Apartments, Sardar Patel Nagar, Ellisbridge, Ahmedabad-380 006.

Superscribe the position number code on the envelope. Resumes will not be returned.

MUDRA
COMMUNICATIONS PVT. LTD.

■ Ahmedabad ■ Bombay ■ Bangalore
■ Delhi ■ Hyderabad ■ Madras

Mudra:A: 3978

Appointments

FINANCIAL CONTROLLER

BROACH (Gujarat) **EXCELLENT TERMS**

Our client, The Broach Textile Mills Ltd. is a progressive, fast expanding company, part of the reputed Kanoria Group. The mill's present cloth processing capacity is 60,000 metres per day and employee strength around 1,500. The company has embarked on an ambitious modernization programme with an outlay of Rs. 70 million ushering in a new era of growth. In view of this, the current turnover of Rs. 150 million per annum is expected to touch Rs. 225 million in the very near future.

This is a critical position and one of the key result areas will be exercising strict financial controls. The appointee will have overall responsibility in respect of treasury, financial accounting, budgeting and costing functions. Given the incumbent's propensity, the portfolio could be broad-based to include commercial functions also.

Suitable candidate will be a qualified Chartered Accountant having around 8/10 years well rounded experience with reputed manufacturing companies. Good money sense and strong commercial orientation are imperative. Additional Company Secretarial qualifications and exposure to Secretarial functions will be a distinct advantage.

A VERY LIBERAL COMPENSATION PACKAGE IS ENVISAGED INCLUDING COMPANY ACCOMMODATION.

Apply within 7 days quoting Ref No(UAD/A-1071) to:

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

GROWTH OPPORTUNITIES
IN POWER CAPACITORS

MEHER
CAPACITORS (P) LTD.

Meher Capacitors (P) Ltd., part of a well established and reputed group of industries, has been engaged in the manufacture of low voltage capacitors for the last ten years.

The Company has recently concluded a technical collaboration agreement with **GENERAL ELECTRIC OF USA** and is setting up a project at Attibele, Bangalore, for the manufacture of power capacitors for diverse applications in the electrical power transmission and distribution systems, industrial systems, furnace industry as also in the field of power electronics. Commercial production is scheduled to commence by November '87. The turnover of the company is expected to exceed Rs. 5 crores in the next two years.

The Company has, since the last 10 years, a marketing agreement with a highly renowned Public Sector Company for marketing their low voltage capacitors. The new products will be exclusively marketed by the same Public Sector Company.

The Company is looking for top calibre professionals for this project;

a) MANAGER – PRODUCTION
b) MANAGER – QUALITY ASSURANCE
c) MANAGER – COMMERCIAL

The incumbents, around 35 years, should possess an experience of around 5 years in a senior position in their functional areas, in the electrical/electronics industry. These are top level positions encompassing a wide spectrum of responsibilities. An attractive remuneration package with the possibilities of training abroad at collaborator's works awaits the right candidate.

The preferred qualifications for the first two positions are B.E./B.Tech/AMIE in Electrical Engineering, whereas for the third post,the qualification of CA/ICWA will be preferred. Experience in capacitor industry would be given preference.

Please apply within 20 days to the 'Executive Director' at the following address, giving complete details of qualifications, experience, present position and emoluments, superscribing the envelope with the post applied for:

MEHER CAPACITORS PVT. LTD.
Regd. Office: No.6, Dyvasandra Industrial Area,
Whitefield Road, BANGALORE – 560 048.

Appointments

SANDOZ

require

WORKS MANAGER

for their new Chemicals Manufacturing Unit at Panoli, Gujarat

PANOLI PLANT

Located near Ankleshwar, the Panoli Plant is being developed as a base for the future growth of the Company. In its initial phase, leather chemicals and pesticide intermediates will be produced. The infrastructure will support expansions in the coming years.

THE JOB

Reporting to the Vice President–Manufacturing. Responsibility for total operations of the Site – manufacturing, engineering, safety and general administration – and active participation in future projects.

THE CANDIDATE

Graduate in Engineering/Technology or postgraduate in Chemistry. Successful track record in basic chemicals manufacturing industry. A minimum of 10 years of line management experience, including 4-5 years as department head.

Age: 40-45 years.

The position offers challenge – for commissioning and managing a greenfield site. Excellent prospects for growth, and an attractive remuneration package, which includes housing and car.

Please apply within 10 days, superscribing the envelope with the position applied for, to:

Manager, Personnel
SANDOZ (INDIA) LIMITED
Sandoz House
Dr. Annie Besant Road
Worli, Bombay 400 018

WEBEL NICCO
Electronics Limited

We are a member company of the NICCO group in joint sector collaboration with West Bengal Electronics Industry Development Corporation Limited. The NICCO group is professionally managed and rapidly expanding with diversified interests in Electrical Wires and Cables, Steel, Telecommunications, Automotive Batteries, Engineering Services, Merchant Banking and Electronics.

WEBEL NICCO is presently manufacturing a range of Black & White and Colour TVs and has ambitious plans for diversification in consumer and industrial electronics. We need :—

WORKS MANAGER

The candidate should be a graduate in Electronics Engineering with over 10 years' experience in all aspects of production in an electronics company. He should possess knowledge of the latest developments in the Electronics Industry. The incumbent will be responsible for all manufacturing operations, industrial relations and other works-related commercial functions such as despatch and excise. Preferred age 37-42 years. This is a Senior Management position having an attractive salary package and perquisites which will include housing and conveyance.

Please apply with detailed bio-data and recent photograph to the followng address within 10 days, superscribing on the envelope the position applied for.

GENERAL MANAGER
Webel Nicco Electronics Limited
P-1, Taratalla Road
CALCUTTA 700 088

2/87

Appointments

BOMBAY DYEING

Require

**For their DMT Plant,
Patalganga, Dist: Raigad**

1. MANAGER—PRODUCTION

Qualifications & Experience:

Should be a Chemical Engineer with over 15 years of experience in Petrochemicals/Fertiliser/Refinery/Chemical Plant, of which at least 5 years in managerial position. The incumbent will be responsible for all aspects of operations in the respective areas. Exposure to Production Management/Process Trouble Shooting, Safety Management, Budgetary Controls, etc. essential.
Age: around 40 years.

2. HEAD—MECHANICAL MAINTENANCE

Qualifications & Experience:

Should be Graduate Mechanical Engineer with 12-15 years' plant experience in maintenance in Petrochemical/Fertiliser industry. Thorough knowledge of maintenance of equipment like compressors, pumps, centrifuges, boilers, fired furnaces, distillation columns, etc. is essential. Should have leadership qualities to head a team of engineers, supervisors and skilled craftsmen.
Age: around 40 years.

REMUNERATION PACKAGE:

For Post 1 about Rs.85,000/- per annum and for Post 2 about Rs.73,000/- per annum. In addition, PF, Superannuation, Subsidised Canteen facilities, Medical Reimbursement for self and family, etc. as per rules. Working 5 days a week. Selected candidates will have to stay in Company's rent-free unfurnished family accommodation near the plant. The above positions are in the Senior Management cadre.

Persons with sound technical knowledge, dynamic leadership and proven track record may apply in strict confidence within 10 days superscribing the envelope with the position applied for, and stating age, qualifications, experience, nature of jobs handled, salary drawn and expected, with recent passport size photograph, contact phone number and other relevant details, to:

BD/584

The Chief Personnel Manager,
(The Bombay Dyeing & Mfg. Co. Ltd.,)
Neville House, J.N. Heredia Marg,
Ballard Estate, BOMBAY 400 038.

ELECON

REQUIRES

MANAGER (GEAR QUALITY CONTROL)

**Attractive Salary with
Company Car & other perks**

We are a large Engineering Company with an annual turnover of more than Rs. 85 Crores.

Manager will be responsible for assurance of product quality for which he will have the final and overriding authority for approval and rejection internally.

Must be thoroughly conversant with quality assurance plans, inspection of Gear geometry and analysis with variety of inspection standards and equipments. He will be responsible for reorientation of internal standards of inspection of all boughtouts and internally produced components, inspection procedures, reporting system, manuals etc., and independently dealing with external inspection agencies of international repute.

Should be Graduate in Mechanical Engineering with 15 years experience in a reputed Gear Manufacturing Unit. Candidate with sound knowledge on hardened and Ground Gear technology would be preferred.

Please mail your application with complete bio-data within 15 days time to:—

The Personnel Manager
Elecon Engineering Company Limited
Vallabh Vidyanagar 388 120
GUJARAT

Appointments

We need more of us...

We're growing fast. To say the least, very fast. And we need more of us in the team. A team that's helped MODE become what it is today. One of the largest market research agencies in India with an enviable track record. A team of research professionals who earn recognition and respect. Along with a financially rewarding career.

We're looking for Researchers at all levels. Talented young persons who believe in proving themselves quickly and taking the rewards early. People who want variety in their everyday work. Who desire to use their marketing learning in practice. Problem solvers. People with a yen for high visibility and recognition of individual brilliance.

And most important, who have the appetite for hard work which makes all this feasible.

What are we looking for?

MBAs with high interest in marketing problem solving with skills to match. Logical thinkers. With some exposure to the marketing world by way of work experience. People comfortable with numbers and hard work. Pressures and deadlines.

If you feel that we've been talking your language, send us your bio-data at the following address:

MODE Services Pvt. Ltd.,
210/211 Neelam Building,
108 Worli Seaface Road,
Bombay 400 018.
PHONE: 4934768.

MODE

CRIS

CENTRE FOR RAILWAY INFORMATION SYSTEMS

requires

COMPUTER PROFESSIONALS

Centre for Railway Information Systems (CRIS), a Registered Society established by the Ministry of Railways for design, development and implementation of Indian Railways project for computerisation of freight operations, needs following computer professionals for its R&D wing.

SPECIALISTS — HARDWARE (2)

Graduates in Computer Technology from a leading institution. Minimum 5 years experience on Mainframe/Supermini Computer Systems. Age 25 to 35 years.

SPECIALISTS — SOFTWARE (8)

2 Each in the fields of Systems Software, Applications Software, Operations Research and CAD/CAM.

Graduates in Computer Science from a leading institution. Minimum 5 years experience in Software Development, DBMS, Virtual Memory Operating Systems, development of software tools, Simulation packages, Operations Research, CAD/CAM and computer aided learning. Preference will be given to those who have experience in design and development of ON-LINE/REAL-TIME Systems. Age: 25 to 35 years.

SPECIALISTS — TELECOM (2)

Graduates in Electronics and Telecommunications from a leading institution. Minimum 5 years experience in the area of data communications, network design and management. Knowledge of latest telecom technologies will be preferred.

Post-graduate degree or doctorate in the relevant field and experience in R&D will be an added qualification.

Pay will be fixed according to age and qualifications in the scale of Rs.2200-4000 or Rs. 3000-4500. In addition to the basic salary, CRIS employees are entitled to D.A. at Central Government rates, P.F., Leave Travel, H.R.A./Leased Accommodation, Conveyance Allowance, Medical Reimbursement etc. A higher grade can also be considered for the exceptionally qualified applicants.

Selected candidates will be required to join at the earliest. Applications on plain paper giving name, age, educational qualifications, career accomplishments, present and anticipated salary etc. should be sent to:

Registrar
Centre for Railway Information Systems (CRIS)
Delhi Safdarjang Railway Station, Chanakyapuri,
New Delhi-110 021.

Applications from Govt. and Public Sector Undertaking employees should be routed through proper channel, but an advance copy may be sent directly. Envelope containing application should be marked "Application for the post of Computer Professionals/CRIS-Advt-2/87". Applications should reach the addressee within three weeks of the date of this advertisement.

Sobhagya/172/87

Appointments

VICE PRESIDENT -FINANCE & SECRETARIAL

Bombay

Very attractive remuneration package

A highly reputed and progressive multi-unit company in the service industry is looking for a VP-Finance and Secretarial. The company has an excellent record of growth and profitability and is associated with a world renowned group.

The selected candidate will be a member of the top management team and head the finance, accounting, secretarial and legal functions of the company. In particular he will be responsible for taxation, working capital management, banking, project assessment and funding, financial accounting and controls, EDP management accounting including budgeting, costing, MIS, etc.

Candidates should be Chartered Accountants and qualified Company Secretaries with at least 5 years experience in senior positions. They should be thoroughly conversant with tax, company, labour and other corporate laws. Integrity, entrepreneurial flair, innovativeness, ability to solve problems, good personality and ability to deal with people are essential attributes.

Preferred age: around 40.

The company is looking for an outstanding professional and is prepared to reward adequately. The salary package will consist of a basic of around Rs. 10,000 p.m., an HRA of 40% of basic (but no housing), company car and driver, 3 months salary as annual bonus, leave travel/medical/retirement benefits and a range of other attractive perks.

Please apply in strict confidence within 10 days to: **A.F. Ferguson Associates, Post Box 1786, Bombay 400 001** giving full details of age qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS 4667"

CHIEF EXECUTIVE

AIR POLLUTION CONTROL COMPANY
NEW DELHI

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"The government lacks political will..."

Arvind Narottam Lalbhai, the 69-year-old patriarch of the Ahmedabad-based Lalbhai group of industries (combined turnover Rs 600 crores approximately), is a former president of the Federation of Indian Chambers of Commerce & Industry, besides having served two terms as chairman of the Indian Cotton Mills Federation. Currently on the boards of several leading companies both within and outside the textile sector, he also chairs the council of the Ahmedabad Textile Industry Research Association.

Lalbhai spoke to Business India's *Shankar P. recently on the sickness in the textile industry, the perils of supporting obese workforces and the need to invest in new technology.*

Excerpts:

Several measures have been taken by the government to tackle sickness in the textile industry. How far do you think they have been effective?

There has been much debate over this question and many solutions have been suggested in the textile policy of 1985. A number of control measures that had outlived their usefulness have been dispensed with. But given the pace at which authorised as well as unauthorised powerlooms are coming up and with new attempts to protect handlooms by legislation like reservation of production etc, the composite mills are slowly losing flexibility in production. But I do agree that in future, the composite mills, the powerlooms and the handlooms will have to live together in a spirit of healthy competition and co-operation. The multi-fibre policy with permission for broadbanding has given a filip to good mills.

In keeping with the assurance contained in the textile policy for progressive reduction of excise duties on man-made fibres, yarn and fabrics, the industry was expecting sizeable reliefs in the last budget. But they have not materialised. Private mills are today kept out of the purview of the scheme for manufacture of low priced *Sulabh* blended fabrics from duty free polyester fibre. Such discrimination is against the spirit of healthy competition as envisaged in the new textile policy. This scheme should therefore be extended to private mills also.

Sometimes, closure is the only way out for a sick comany. But we often fight shy of taking that last option, merely swelling losses in the bargain.

Industrial sickness is a worldwide phenomenon. In Western countries, every year, thousands of loss making and inefficient industrial enterprises are closed down and liquidated to make room for new ones. But our policies, our actions, are against such a natural process of change. In order to protect employment in our country, economically unviable enterprises continue to function with the support of public money. This has now proved to be counter-productive.

What do you mean when you say that our policies are against the natural process of change?

The magnitude of industrial sickness in our country has assumed serious proportions due to excess labour. A few years ago, when the giant Fiat Company of Italy was faced with serious financial difficulties, it decided to retrench one third of its total workforce of one lakh. When the workers resisted it, the management decided to close down the entire plant. The workers then realised that it was suicidal to protest against the retrenchment of a part of the workforce — in the event of total closure of plant, everybody would lose their jobs. Wisdom prevailed and they agreed to go along with the management's decision to retrench excess workers.

The prices of steel, coal, power — the basic ingredients of production — in our country are higher than international prices on account of overstaffing, with the result that ours has become a high-cost economy. The government lacks courage and political will to allow the industry to get rid of excess staff. In the UK, Mrs Thatcher has had the courage to retrench excess labour and close down uneconomical nationalised coal mines. The nationalised mills run by National Textile Corporation are today incurring heavy losses. Their accumulated losses have crossed Rs 600 crores. This shows they are selling goods below cost, with the result that other mills in the private sector are forced to sell at unremunerative rates. The loss-making nationalised mills are thus helping to make more and more mills sick.

Historically, the traditional industries like textiles, jute, paper, sugar, etc are burdened with high labour costs. The job protection measures have not proved to be successful. The government has now realised the consequences of its policy of protecting jobs and has announced a rehabilitation fund to compensate workers losing jobs on account of closure of unviable units. This proposed fund would definitely help to effect the smooth closure of unviable industrial units.

Talking of new technology, how do you rate the progress of the private sector in R&D?

Most of the world's progress can be primarily attributed to the dramatic changes which have taken place in technology and methods of production. I always wonder about the strengths of multinational corporations. Look at Chrysler, Sony and Hitachi who have progressed very fast. It is because of the men at the helm and the amounts spent on research to update technology. One will be amazed to know that a company like ICI is spending more than Rs 1,800 crores and Du Pont Rs 4,000 crores annually on R&D.

If a company like Atul Products, which is one of the big chemical complexes in the country, decides to allot 3 to 4 per cent of its annual turnover for R&D, it would not amount to more than Rs 4 to 5 crores. Till this day, the average size of Indian companies is too small to allow them to invest substantially in R&D activities. Bigness, in our country, is considered a crime. As a result, most of the research work in our country has been done by national laboratories and the central research institutes.

In the United States, defence hardware is supplied by private companies which are the beneficiaries of government-funded research work. In our country defence goods are not supplied by private companies. If our government can trust the private companies of France, Italy, Germany and USA for its military requirements, why can't it encourage the private sector in our own country to manufacture military hardware with support from government-funded research?

The effectiveness of science and technology as an agent of change — the spin-offs from research, whether it is a private or government funded research — are not properly appreciated in our country. If research carried out by national laboratories or central science institutes results in usable know-how, it has to be transferred and ultimately result in new products. Transfer of technology is one area where we have to learn a lot.

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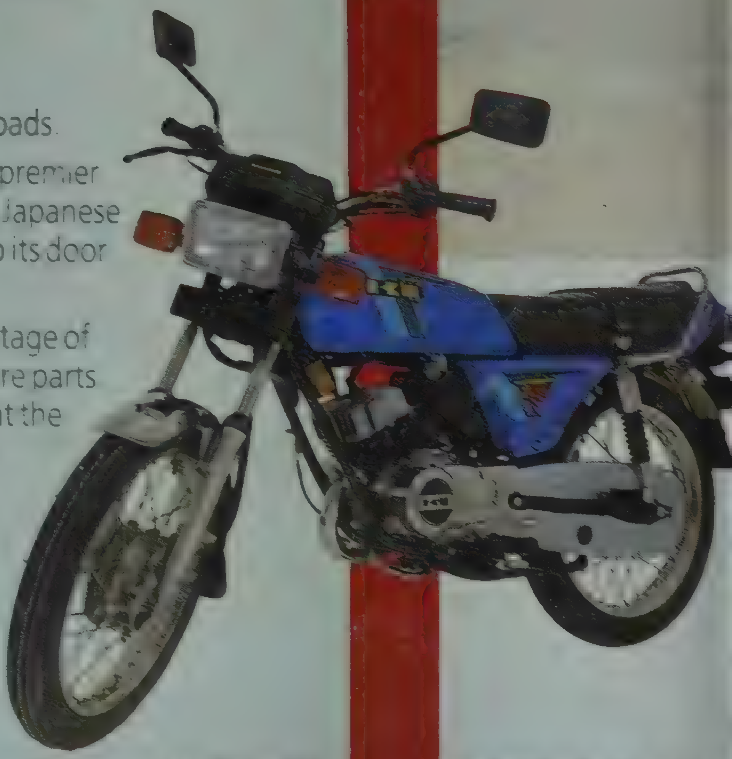

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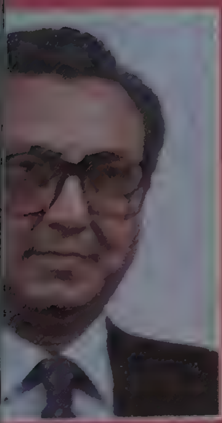

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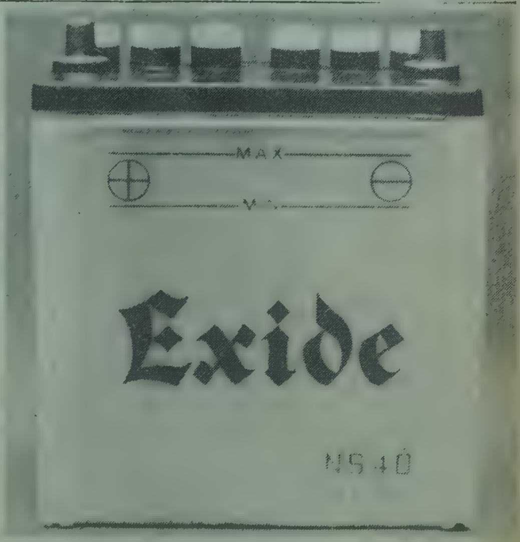
Cover to Cover

Issue No 248 September 7-20, 1987

Cover Feature

48 Big deal at Chloride

Despite Chloride India's unequalled product excellence and financial success in the last 10 years, a divestment by its UK parent, which has fallen on bad days, has been expected for some time now. Though S. K. Birla has picked the plum at a fancy price of Rs 40 crores, questions about his source of funds and exactly how much he is buying remain unanswered
Subrata Roy



Courtesy: EMZAL AUTO BATTERIES

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Mukarram Bhagat

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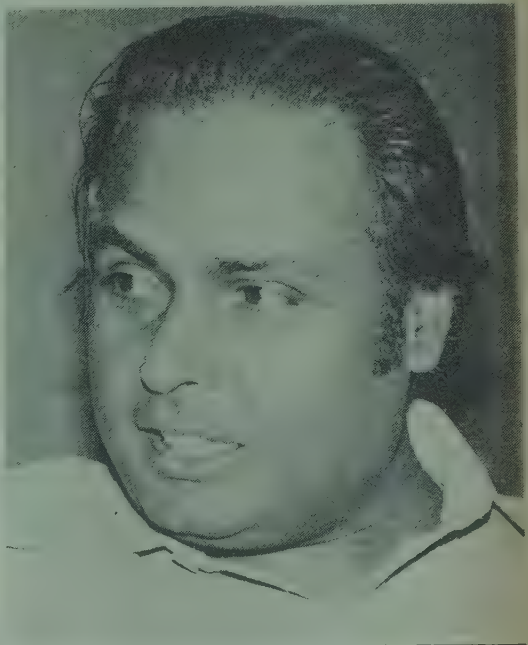
R. N. Bhaskar



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72 Ceramic tiles A fiery growth

The 30-year-old ceramic tiles industry is undergoing a rapid expansion today with the introduction of a completely new technology and a new product — ceramic floor tiles
Dilip Maitra

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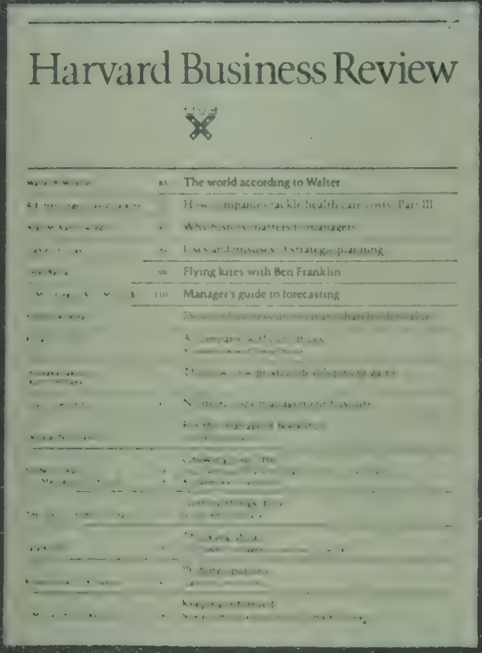
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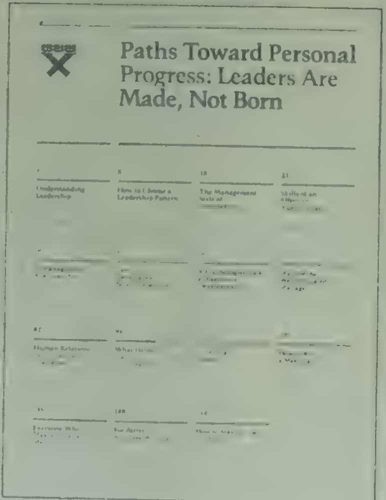
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letter from the publisher

On 22 August 1987, Romesh Thapar died in Delhi. News of his death was immediately flashed on radio, tv, and the wire services. The next day's papers carried extensive coverage on Romesh and on *Seminar*, the small circulation but highly successful and influential magazine he founded and built up, with his wife Raj, who had died of cancer only three months earlier. Over the next week many newspapers and magazines carried moving pieces written by his friends and colleagues highlighting his enormous and consistent contribution to intellectual life in independent India. During that week there was also an unending stream of visitors from extremely diverse walks of life who came to condole with the family. There as also a large number of letters from all over the country. What was remarkable was that many of these came from admirers who had never even met him but valued what he stood for. In this issue our regular government columnist, Jaswant Singh, who was also a close personal friend of Romesh and Raj, has given his own account.

I knew Romesh very well, right from the time *Business India* started almost ten years ago. He was the very first person who agreed immediately to write a column regularly. And his column came regularly and without fail on time whether he was in Delhi or travelling and no matter what his other commitments were. He was easily the most professional person one came across. But apart from his column, he always freely gave his time and ideas, contributing to all aspects of *Business India* — ranging from suggesting designers, to other columnists, to story ideas. Whenever I had any queries or doubts Romesh would, based on his years of experience, resolve the doubts or suggest solutions clearly and succintly, within minutes.

Over the years I worked with him at close quarters and found that he did not only interact with a few of us, but that he always genuinely welcomed all younger people who came to him with newer ideas. Ofcourse, he belonged to an earlier generation, but he easily understood and sympathised with a concerns of the young — particularly younger journalists, writers, academics, bureaucrats, politicians and even businessmen. It was this quality of not only understanding, but getting involved with the ideals and aspirations of the next generations that continuously attracted younger persons to him.

There is one other observation that I would like to make. Romesh truly tried to live as he preached. Few people do actually order their lives, and live entirely in accordance with their deepest convictions. It always struck me as remarkable, at one level, and yet so simple at another level, that he lived entirely according to his beliefs without making any compromises or excuses for not doing what he thought was right and correct. He was close to powerful politicians and rich businessmen. Yet he did not succumb to any temptations. Nor did he make any show of it or display any virtuosity. That is why it seemed so simple.

At every stage of human history, nothing has been as powerful as the strongest ideas of the time. Emperors and their empires have been swept away by ideas. Social and scientific beliefs have also been brushed aside by newer ideas. Clearly Romesh realised that new ideas were crucial for our society, our nation and our world. He devoted his life to this search.

Ashok H. Advani

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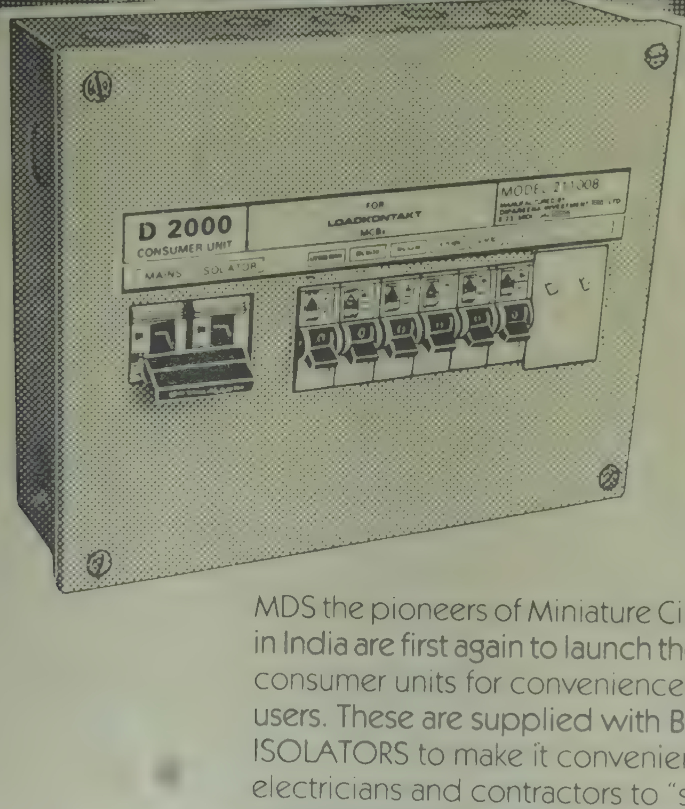

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letters to the editor

Learning from Japan

S. V. Kumar's article, 'A critique of the Japanese style' (13 July), raises a very pertinent point about whether the so-called Japanese style of management is ideal. However, it disappoints by contradicting one line of argument by another.

Several 'myths' are demolished, but the article concludes that Japan is a rich, secure and respected nation and will continue to walk tall for some time to come. It propounds the thesis that due to the intense pressure of trade wars, Japan is extremely vulnerable on several counts but goes on to say that in case of such crises, it has massive reserves to ride on while restructuring its economy.

Management pundits holding forth on Japan seem to be birds of two feathers, the Japan idolators and the Japan baiters. Apparently the solid good sense middle ground does not provide the kind of readership and acclaim that these authors look for. That the Japanese model has been a success few people can deny. Most of them even broadly agree on the reasons behind the Japanese "miracle". But where, amazingly, the non-Japanese researchers, including the author of your article, go wrong is to evaluate this success prescription in another context, work culture and national environment.

The learning value in looking at Japan's management system lies in understanding how their experience could improve our work productivity and work culture. If only we can imbibe just a few principles that have helped Japan to reach such heights of economic development, the millions of pages written on Japan's astounding success would be worthwhile.

It is regrettable that your article has added to those millions of pages without contributing to the learning value.

B. S. Punia
Chandigarh

- S. V. Kumar has in his article on the Japanese management system exhaustively analysed the minus and plus points of the position of Japan in world trade. With its limited national and human resources, Japan has emerged as a leader in the export field, and the writer has made a scintillating analysis of the various aspects which enabled Japan to become the world number one, and the immediate challenges that face the country.

Western countries have themselves to blame in permitting Japan to establish a major foothold in the international market, to their own detriment. Developed countries can penetrate deeply into the world market, and India at this developing stage with its vast resources should earnestly try to get a good share of the international market by closely studying the prime reasons for the Japanese growth.

Japan has announced tax cuts, liberalised personal loans and introduced other innovative schemes to enhance their business and such methods should be given a fair trial.

Other countries also can make real strides, provided the feeling of trust develops between man and man, and preference is given to national objectives, in contrast to individual objectives.

We should follow Japan as a trend setter for national growth and survival in a highly competitive international market.

P. Balasubramani and B. Mohan Ram
Coimbatore

Textiles — consumer disregarded

Many stories have appeared in the press recently of the distress among makers of textiles. As is usual, the cry was first raised by the representatives of handloom weavers who complained of high cotton and yarn prices and they called for a ban on the export of both. (Much earlier, the representatives of cotton growers had called for more exports!)

The baton was soon picked up by the representatives of powerloom weavers who blamed high yarn prices for their distress and called for government control, ie, reduction in yarn prices. It is, however, well established that it is the decentralised powerloom sector which has profited most from the government's policy to restrict the capacity of the organised mill weaving industry.

Soon, the hosiery and garments industry followed. They complained of high prices of yarn and cloth and called for bans on all kinds of textile exports, except of their own products! As a matter of fact, the garment industry has never had it so good. The manufacture and export of garments are at an all time high and with the powerloom sector these represent the two most profitable segments of the textile manufacturing industry. Finally, the textile mill sector, which has been running last, also raised its voice and started asking for this, that and the other.

The only voice that has not been heard in this babel is that of 800 million users. These are the people who pay for their cloth out of their hard earned savings and whose voices should have been the loudest. For 40 years, the government has tried to force handloom cloth on consumers and the time has come when consumers don't want more of these fabrics. Handloom fabrics made from cotton or silk have either become a luxury or they are too poor in quality. They are no longer the poor man's fabrics. Long ago, handloom weavers refused to use handspun yarn which was being forced on them because it was inferior in quality. Now, the poor user of cloth is reluctant to use cotton handloom cloth. He prefers polyester or polyester/cotton blended fabrics of good quality and at cheap prices.

Taking advantage of the plight of the handloom industry, on the one hand, and the duties and restrictions placed on the organised textile sector, on the other, the owners of powerlooms jumped into the vacuum. They expanded unrestrained by using cheap labour, and made good what the handloom industry was supposed to do but could not, and what the organised sector was prevented from doing. On top of that came unrealistic excise duties on man-made fibres which, on their own, were several times the prevailing international prices for such fibres.

The impact of making available cloth which was not wanted, of poor quality and at high prices, had its inevitable toll. Smuggling became rampant. The consumer was not given what he wanted for too long a time and he, therefore, bought from a market which came up to meet his needs.

What then is the solution? It lies in making cloth available to the general user of the kind he wants, of the right quality and at a cheap price. The handloom industry clearly will not be able to meet these requirements, as it is far too antiquated. The decentralised powerloom industry should be put on a par in every respect with the mill industry and both compelled to modernise.

Exports of all kinds of fibre, yarn, fabrics and garments should be encouraged for then only will Indian standards rise to international levels. The need for each of these segments to reach international standards cannot be overstressed as without one, the other three will also fail. By imposing bans, nothing is achieved except some selfish short-term gain for some specific segment at the expense of another segment.

Above all, let the consumer once again be king and decide what he wants. Otherwise, sickness and smuggling, will continue to prevail.

M. A. Kazi
Bombay

The Sydenhamites Association

The Sydenham College of Commerce and Economics, Bombay, is celebrating its Amrut Mahotsava (Platinum Jubilee) in October 1988. As part of the celebrations, it proposes to revitalise its alumni body called The Sydenhamites Association, by adopting a new constitution which will include under it some

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BOMBAY

letters to the editor

present students of the college who will volunteer to work for the association.

Ex-students are requested to send personal details such as name, year of passing, address and telephone number to Sanjiv Saran Mehra, Convenor, The Sydenhamites Association, The Sydenham College of Commerce & Economics, B Road, Churchgate, Bombay 400 020.

S. K. Modak
Principal
Sydenham College
Bombay

The other association

With reference to your article on silk exports (13 July, page 43), I would like to point out that you have mentoned G. C. Singal as being president of the Indian Silk Association. Please note that he is adviser to the Silk Association of India and not the Indian Silk Associaton.

S. K. Sen
Assistant secretary
Silk Association of India
Calcutta

Who is uninformed?

Contrary to your Business Note, 'Only tentative sips' (29 June), the public is well informed about soya milk. It is the soya drink company concerned which has been ill-informed by its market researchers because they apparently never approached the actual consumers. Had the researchers done their work, they would have come to know why that particular drink was never great.

Let me narrate my own experience. A few months ago, I had been to one of the best restaurants in Bombay with a company executive. We asked for a soya milk drink. But I had to spit out the very first sip into the nearest sink because of its foul taste. My companion, however, drank his soya milk out of politeness. But he paid for his action with a bad stomach upset. Most of my friends have also complained about the drink. Now tell me, who is "uninformed" and about what?

S. Venkatrao
Bombay

A tin god

I am glad you have had the courage and good sense to publish R. Siddharth's letter on V. P. Singh (27 July). It amazes me that the press has gone ga-ga over this man. Siddharth is absolutely right. We are destroying ourselves in the process of worshipping this tin god, whose contribution is at best the creation of an awareness that corruption exists and should be tackled. Authority worshippers as we are, we gave him credit for carrying out Rajiv Gandhi's policy of lowering the rates of taxation , and have made a hero out of him.

B. D. Kataria
Bombay

• R. Siddharth (Letters to Editor, 27 July) is perhaps prejudiced and has preconceived notions.

The loss of crores of rupees through the stockmarkets has nothing to do with V. P. Singh, but we are to blame for our own shortsightedness. Why hasn't the same happened to genuine blue chips? A free market is always a measure of a country's prosperity, leave alone its many advantages.

R. V. Chari
Bombay

Researching labour

In his article on labour research, E. A. Ramaswamy, might have provoked management and labour. But such provocation at times is essential for our development.

It is an admitted fact that neither management nor labour in our country gives importance to research. They should realise that proper research findings help both to correct their mistakes and improve the industrial relations climate.

The writer recalls an incident when a request was made to a leading business organisation to train some post-graudate students in industrial relations practices. The chief executive of the organisation politiely turned down the request, on the plea that they might divulge "secrets", little realising, that their own employees could give out the same information to others, perhaps much more easily.

The position is very different in developed countries where managements invite leading universities to conduct labour research in their companies. Industries in our country too should take more interest in labour research and create the right climate for fruitful results.

The writer also recalls another incident where a trade unionist told certain labour research students that they were only spies of management, and the research was eyewash.

There should be an attitudinal change in both management and labour in the field of labour research. In India, the parties view each other as enemies, which is unfortunate and counterproductive in the long run.

C. P. Chandra Das
Visiting Professor
Bharathiyar University
Coimbatore

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2ND ANNIVERSARY ISSUE

For Your Information

Telephone tales

According to the new four-language issue of Siemens' International Telephone Statistics, 1985 saw 20 million new telephone main stations installed worldwide.

The total number of telephone main stations all over the world now stands at around 419 million. In 1985 the international telephone network expanded by almost 5 per cent compared with a growth rate of still 4.6 per cent in the previous year.

The US remains the country with the most telephone main stations in the world, with 118 million, followed by Japan with 47 million, and the USSR with 28 million. The country with the highest line density is Sweden, with 63 main stations per 100 inhabitants, followed by Switzerland and the US with about 50 each, the Federal Republic of Germany with 42, and Japan with around 38.

In the statistics showing telephone penetration per continent, Europe leads with 174 million main stations, closely followed by the Americans with 152 million. Asia has 80 million stations, Oceania 8 million, and Africa has 6 million. Africa, with more than 500,000 new main stations, achieved the strongest growth in percentage terms.

The People's Republic of China figures among those countries with still more than 100 inhabitants per telephone main station.

As far as public telephones are concerned, the network with the highest line density is that in Switzerland, where there is one public telephone per 112 inhabitants, followed by Japan with around one per 133. In Inc some 16,700 inhabitants a Indonesia some 50,000 inhabitan must somehow make do with o public telephone between them.

Siemens Press

In 1985 - - for local calls alone — Americans reached for the receiver 341 billion times

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Doing away with the paperwork

Reading and writing business reports can be a time-consuming affair — unless you follow the example of Ike.

During his first term of office, Eisenhower appointed Arthur Burns as the first chairman of the Council of Economic Advisors. At their first meeting, Burns suggested that he should send the President a memo outlining a plan for organising the flow of economic advice

"Keep it short," said Ike. "I can't read."

"We'll get along fine," smiled Burns. "I can't write."

In the end, the two cut out the paperwork altogether by settling on a one-hour weekly conference

Rajesh Seth, Indore

Record cheque

A world record was created in the history of banking in 1974 when Daniel Moynihan, US ambassador, handed the Government of India a cheque for Rs 1,664 crores. This is the largest amount to have ever been paid by cheque

V. Hemanth Kumar, Bangalore

Without meeting

Meetings are considered by many as a big waste of time. All said and done, there is always more said than done at a meeting.

Henry Ford always preferred to visit his executives when he wanted to speak to them, rather than hold a meeting. "I go to them to save time," he said. "I've found that I can leave the other fellow's office a lot quicker than I can get him to leave mine."

Rajesh Seth, Indore

Arresting marine pollution

A multidisciplinary project, involving state and central pollution control boards and a handful of national research institutions, is now underway to deal with the serious problem of pollution along India's coastline.

Presently these agencies are performing intercalibration exercises — testing their instrumentation with standardized samples of pollutant — so that when the data from various coastal measuring coastal stations are finally pooled, they will be accurate and reliable.

With the completion of the survey within a year, the Department of Ocean Development hopes to identify the regions of high and moderate marine pollution in the coastal, inshore and outshore areas of the Arabian S and the Bay of Bengal. Two pe manent pollution monitoring st tions will then be established, or on each coast, so that a clea marine environment — a prer quisite for the rational exploit tion of our sea resources — ensured.

Today, some of the major c tanker routes pass through the In dian Exclusive Economic Zon Underwater pipelines, oil term nals and areas where lighte tranship cargo on the high sea dot our coastline — all potenti 'hot spots' for oil pollution.

Hopefully the crash programm initiated by the DOD will increas our knowledge and awareness the problem so that off our coast least, oil spill disasters of the typ which hit many other maritim nations may be prevented.

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C. F. T. R. I., MYSORE

Road risks

These days one of the greatest threats to your safety comes from Indian roads. On a road network of 1.6 million km rush about 6.7 million motor vehicles every year. And not very safely, at that — they are involved in over 170,000 accidents every year. Thus every tenth vehicle is involved in some sort of a bash-up. Small wonder, then, that accidents and fatalities on Indian roads are frighteningly higher than in other countries (see table 1).

According to the National Transportation Planning and Research Centre (NATPAC), the number of accidents has increased faster than the population. India's population doubles in about 30 years, but accidents and fatalities double in just about 10 years, while vehicles double in about five years. In contrast, roads just manage to creep ahead, taking about 15 years to double in length.

People living in cities, as any urban commuter will vouch for, are especially prone to accidents (see table 2). Though urban roads account for only six per cent of the country's entire road network, over three-fourths of accidents occur on them. For instance, about 74 per cent of accidents in West Bengal occur in Calcutta; Bombay accounts for 63 per cent of the state's accidents. According to NATPAC, the problem of safe transport has become almost synonymous with the problem of safe urban transport.

Some of the reasons for India's high rate of accidents are fairly obvious: rapid urbanisation, high population mobility, growth of vehicles, traffic congestion, bad roads, shirking of traffic rules. According to NATPAC, the growth in number of vehicles has an immediate impact on accidents. In 1951 India had only 306,313 vehicles. By 1983 this had swelled to 6.7 million.

NATPAC points to two-wheelers as major culprits. This segment has grown the fastest. In 1951 there were only 26,860 registered motorcycles and scooters. But by 1983 this figure had zoomed to 3.5 million.

NATPAC predicts a future that is quite frightening. Using exponential growth curves to estimate future accidents and casualties, it finds that, if things continue at the present rate, by the turn of the century, Indian roads will witness about 435,000 accidents, leading to about 129,000 fatalities and about 400,000 injuries every year.

The solution would be to identify accident prone locations and improve them. NATPAC has carried out such identification and investigation for Kerala's national highways. The safety measures it came up with include construction of hard shoulders, improving curves, and installing appropriate road signs and markings.

On a broader scale, NATPAC recommends improved planning, development and maintenance of roads.

K. G. Kumar, Trivandrum

Table 1

Accidents and fatalities in some countries

Country	Accidents	Fatalities	Fatalities per thousand accidents
	per thousand vehicles		
India	31.80	5.90	163.00
UK	14.00	0.39	24.00
W Germany	13.30	0.61	34.00
USA	12.20	0.33	25.00
Italy	11.50	—	31.00
Japan	9.80	0.20	18.00
France	8.70	0.40	50.00
Sweden	6.80	2.70	33.00
Australia	3.11	0.39	125.52
Brazil	1.38	0.32	229.51

Source: NATPAC

Table 2

Fatalities in some Indian cities

Year	Number of persons killed in accidents per 10,000 vehicles in						
	Madras	Bombay	Calcutta	Delhi	Bangalore	Ahmedabad	India
1970	41.0	42.2	40.9	30.9	33.3	15.1	77.5
1971	37.3	35.1	41.7	20.4	25.6	12.4	73.5
1972	46.7	38.0	42.1	21.4	23.2	9.2	78.7
1973	43.3	34.4	37.2	16.6	28.2	13.4	80.0
1974	41.0	27.2	29.7	15.7	23.6	13.3	71.3
1975	35.4	22.9	30.1	14.9	19.9	10.6	63.2
1976	28.4	23.4	22.2	15.5	17.4	11.0	59.0
1977	25.2	26.6	23.9	16.6	21.4	13.4	61.0
1978	25.4	29.4	22.7	16.0	19.4	11.7	59.0
1979	27.5	27.9	22.8	15.9	20.3	11.5	57.1
1980	29.9	25.8	21.0	14.3	18.5	10.1	56.8
1981	28.2	21.9	23.2	18.7	20.9	7.2	52.7

Source: NATPAC

Teaching doesn't pay

Take a look at the job requirements and salary scales for posts in an evening college that were advertised for in the *Deccan Herald* dated 17 August 1987.

Lecturers (maths, civil, mechanical, electrical engineering, electronics)
Scale: Rs 700-40-1100-50-1600
Qualifications: M.Phil, Masters degree in Engineering
Library Assistant
Scale: Rs 950-20-1100-30-1400-40-1760
Qualifications: SSLC & certificate course in lib-science
Stenographer
Scale: Rs 1190-30-1400-40-1800-50-2200
Qualifications: SSLC, sr typing and sr gr shorthand
Watchman
Scale: Rs 780-15-900-20-1400
Qualifications: Studied up to IV Std

Did someone say something about teaching being a noble profession?

R. Dwarknath, Bangalore

Noah's Ark Ltd

The most successful businessman in history was Noah. He was the only man who was able to float a limited company with the rest of the world in liquidation.

R. Mohan, Manuguru (AP)

Television dopes

According to an American psychiatrist, American children spend as much as 1,500 hours watching TV programmes in a year compared with 1,100 study hours in a year.

S M, Bombay

BusinessIndia

Business India invites readers to send original contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

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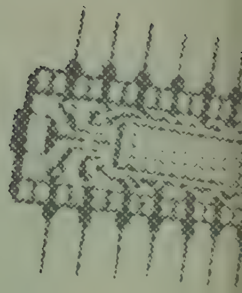

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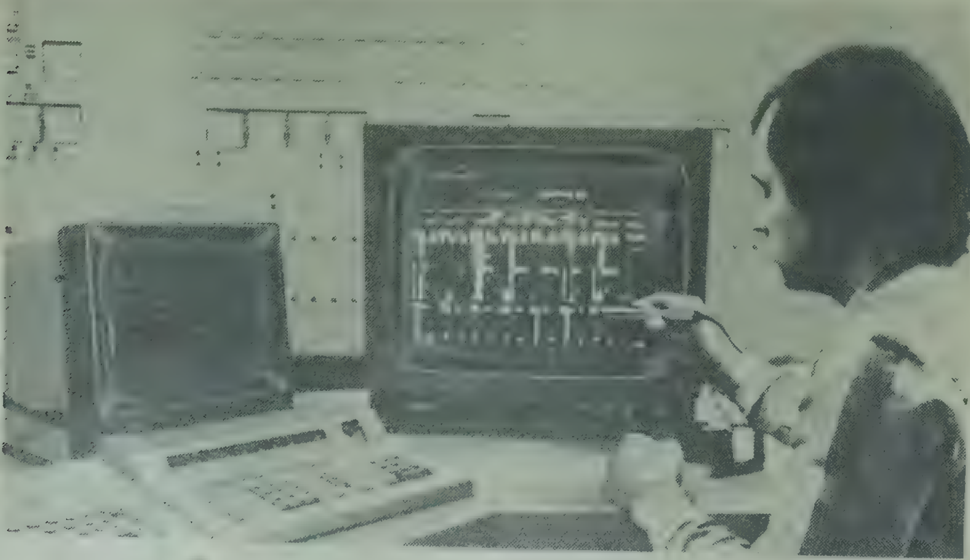

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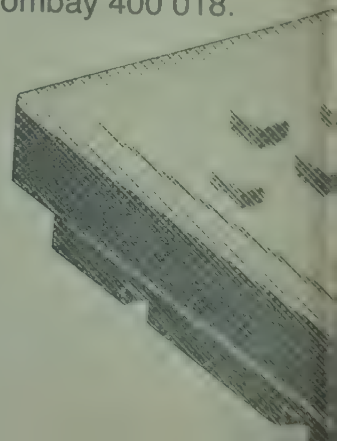
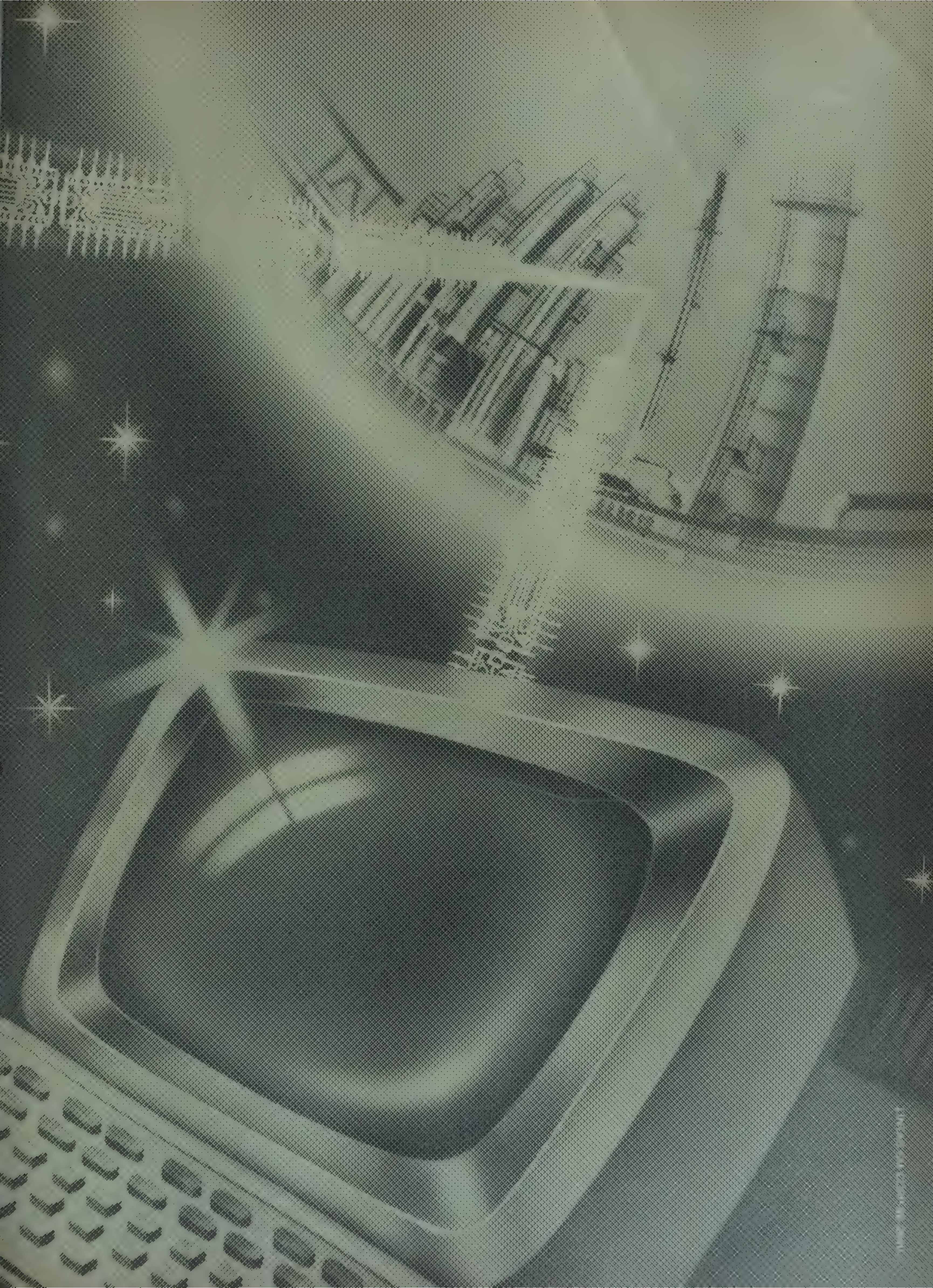


Siemens. Keeping India in the frontline of international technology.



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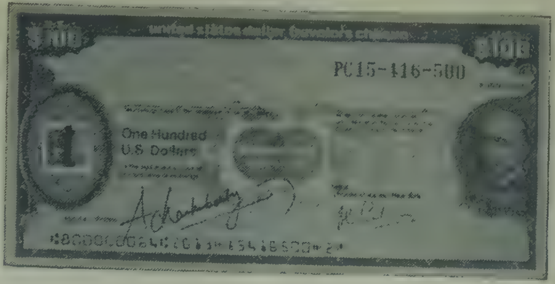

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Listening Post

Takeover artists eye L&T

Larsen & Toubro, the Bombay-based giant, seems to have experienced a rough patch this year. First its results were not as bright as the previous year's, then the government threatened action under the Companies Act to appoint additional directors. Now to cap it all it appears that there have been significant and large purchases of L&T's shares in the market. While the shares have not come for registration and therefore the identity of the purchasers is not known, whispers are already being heard of predatory moves by some of the leading takeover artists. Of course the institutions already controlled little under half of the equity and Nicky Desai, the chairman, himself holds a few per cent built up over the years (his association with the company is more than four decades old). But the acquisition of 10-15 per cent of L&T's shares would certainly put any outsider in a very strong position.

Nicky Desai certainly has much reason to be worried.

Auto policy takes shape

Will the long awaited auto policy soon be out?

Strong reports are being heard in Delhi that the policy has finally taken some shape.

Reportedly the government is willing to lift the freeze on broadbanding which halted plans of many companies in their tracks.

Reportedly the government will allow broadbanding and allow existing manufacturers to add new lines or models provided 70 per cent indigenisation can be achieved in the first year. This will certainly help the well managed strong companies which have built up strong engineering capabilities over the years.

Certainly Telco could go ahead with its. Honda project, Hindustan Motors with Isuzu and Premier with Nissan. Even Escorts might be able to produce the very basic Citron 2CV. Other companies are unlikely to be able to meet the new standards.

And about time too that the government announced the long delayed auto policy.

Bridging the 'gulf'

The Hinduja's are in the news again. It was announced recently that Gulf Oil Trading Company Ltd (GOTCO) where the Hinduja's have a substantial equity stake has acquired outright ownership of the 'Gulf' trademark from Cheveron, the American oil company. Though the purchase price has not been disclosed (GOTCO is a closely held company where besides the Hinduja's a few Saudi Arabian investors have a stake) it gives GOTCO the right to market lubricants under the 'Gulf' brand name in the Middle East, South Asia, the Far East and several countries in western Europe. GOTCO has a 40 per cent equity holding in Petrosil in India which posted sales of Rs 12 crores in 1986-87.

But this is only one half of the story. Besides marketing lubricants GOTCO has a major presence in crude oil trading. Its total sales last year was around $4 billion which gives it an entry into the Fortune 500. . And GOTCO with 'logistic support' from Petrosil exported an estimated $350 million worth of oil into India. Considering India's crude import bill of Rs 4,000 crores this gives GOTCO about 10 per cent market share. And with the Hinduja's at the helm informed sources feel that GOTCO will be bridging the gulf as far as crude imports by India are concerned.

Scanning the markets

General Electric's (GE's) announcement to make CT scanners, M R and ultrasound systems in India has not been received with as much of enthusiasm in India as might have been expected. This is because, instead of manufacturing the top of the line systems — acknowledged to be the best in the world — it will make cheaper systems in India like the ones its subsidiary, Yokogawa Medical Systems, makes in Japan. This in effect means that CT scanners and the like will soon stop being imported. Already there is R. K. Gupta of Uniscans making them. Soon it will be GE's subsidiaries in the country, Elpro International and IGE India; in eighteen months Siemens will be in the business.

Significantly, just last fortnight, the technical committee of the Director General of Health Services recommended to the government that indigenous manufacturers of medical equipment should get exemption in respect of customs and excise duties and sales taxes. This is to give local manufacturers parity against imports which are eligible for customs duty waiver if importing organisations can show a charitable use (for example hospitals run by public trusts) of the imported system. While the plea has sound reasons to be considered, the government's problem cannot be ignored. If indigenous manufacturers of medical equipment are granted this relief, how long will it be before manufacturers of other goods also used by charitable organisations also start demanding the same concession?

Should they or should they not

Setting up merchant banking/leasing subsidiaries has caught the fancy of several lending institutions mainly banks.

Hard on the heels of the State Bank of India which promoted India's first merchant banking/leasing subsidiaries, Canara Bank, Union Bank, Central Bank, Vysaya Bank among others have joined the growing list. But when the Industrial Credit & Investment Corporation of India Ltd (ICICI) mooted a proposal to set up a subsidiary for the purpose of hiving of its flourishing merchant banking activities, it met with stout opposition. However according to reports that are current, some members of the board vehemently opposed the idea.

This has taken N. Vaghul, chairman of ICICI and other board members not little by surprise. While the reasoning is not very clear it is reportedly the board members' main objection revolved around the concept itself that financial institutions had no business to dabble in merchant banking.

New dimensions to steel business

While there is no shortage of steel overall, the market for flat products has firmed up very considerably with the growing demand by consumer-oriented industries like cars, refrigerators, etc. The market for flat products is expected to continue to be tight. Mini-steel plants of course cannot really produce flat products. Not surprisingly, a number of forward looking entrepreneurs are already seriously working on steel projects to produce flat products with newer technology and relatively smaller plant. Such plants are not cheap — between Rs 500 and Rs 1,000 crores.

These entrepreneurs are also not unmindful of the fact that government permissions are easier for particular locations. Reportedly the Birlas are thinking of putting up a plant at Malda and Kulwant Roy at Amethi. Also in the running are reported to be Munjals of Hero, Ruias of Essar and Lloyds Steel.

Such worries can only add an interesting new dimension to the steel business in India.

·News and Events

Japanese LC to IDBI

The Industrial Development Bank of India (IDBI) has obtained a line of credit of Y 10 billion (equivalent to about $67 million) from the Export-Import Bank of Japan (EXIM BANK, Japan).

The proceeds of the credit are to be used to finance Indo-Japanese joint ventures, in which at least a part of the equity is held by Japanese enterprises. The credit is not tied to imports from Japan. The terms of the credit are favourable, with the rate of interest of 4.7 per cent per annum fixed for the entire period of the loan and with repayment spread over a period of 10 years, after an initial moratorium period of 5 years. Currently, the Japanese long term prime lending rate is 5.2 per cent per annum.

IDBI has so far raised commercial borrowings abroad for an amount equivalent to $569 million in various currencies and markets.

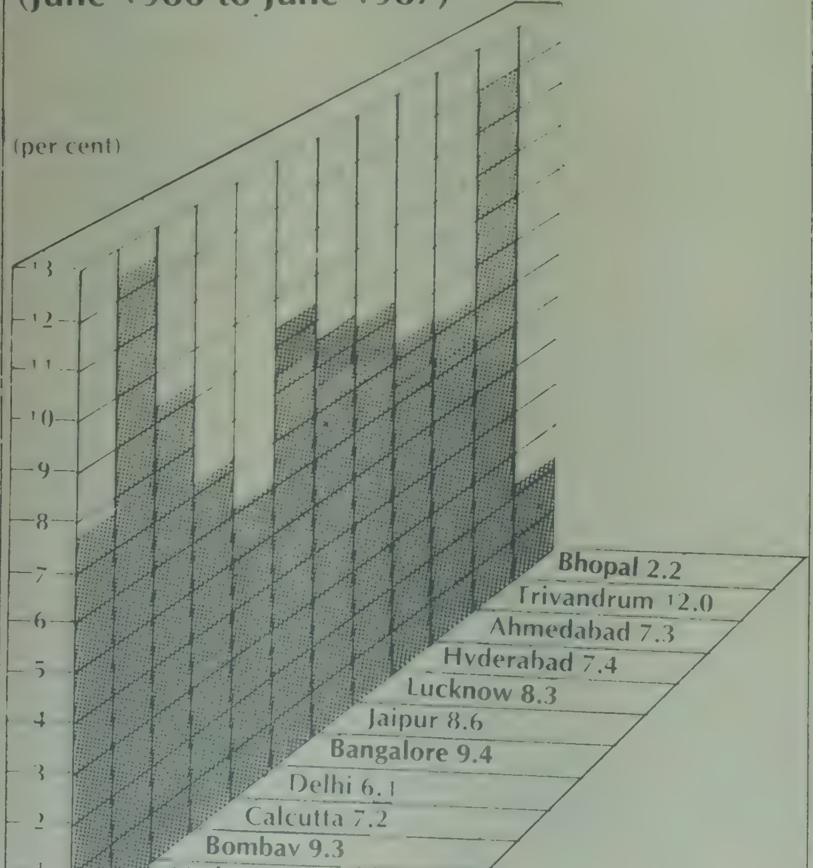
Cell to monitor capital goods import

The commerce ministry has set up a cell to monitor the impact of concessions given to the engineering industry for import of capital goods.

While inaugurating a week-long orientation programme in international business management for IAS officers, the minister of state for commerce, Priya Ranjan Das Munshi, said the cell would assess the overall impact of capital goods import on engineering exports and identify the beneficiary industries.

The minister said that industry associations and their members had been asked to draw up action plans spelling out their import requirements.

Inflation rates in major Indian cities
(June 1986 to June 1987)



According to the Central Statistical Organisation, the average inflation rate, based on the consumer price index, stood at 7.7 per cent for the entire country during the 12 month period ended June 1987. Among the capital cities, Madras had the highest inflation at 12.4 per cent while Bhopal registered among the lowest at 2.2 per cent.

Review planned for NRI schemes

The government is considering various incentives to make non-repatriable investment in India more attractive vis-a-vis repatriable investment.

Addressing the fourth meeting of the consultative committee on matters relating to non-resident Indian investments, Union finance minister N. D. Tiwari said that the government would review the taxation problems of NRIs, the operation of the portfolio investment scheme, the demand for foreign currency non-resident accounts in yen and procedural problems of NRI-promoted projects.

Blacklisting in a new form?

The government has dispensed with the earlier concept of blacklisting of companies for excise arrears. Instead, the government has drawn up what is described as a "less preferential treatment list" to punish those who "wilfully" evade taxes.

The less preferential treatment will apply to both persons and corporations who are in arrears of Rs 5 crores and above in their payments of government taxes.

The scope of the less preferential treatment has been substantially enlarged from that of the black list. Besides including individuals in addition to corporations, the new list will also cover show cause notices served on companies and individuals in addition to confirmed demands.

Exim Bank raises $25 million in swap deal

A seven-year yen-dollar swap deal for a $25 million loan was signed by Exim Bank of India with a group of Japanese banks in Hong Kong.

The managers to the loan ar
Samva International Finance Ltc
Tokyo, and DKB (Asia) Ltd. Other
participating in the loan ar
Nippon Life Insurance Co
Hyakugo Bank and Senshu Bank.

This is Exim Bank's fifth foreig
currency borrowing since its ir
ception and the second cross cu
rency and interst rate swap relate
loan. Under the earlier loan ag
reement, the bank had raised $5
million in the UK and Belgia
markets.

Rs 10 crore fund fo tea research

A national comittee on tea re
search headed by a scientist wi
be set up for the first time to hel
increase productivity. A Rs 1
crore fund will be raised t
finance tea research.

A committee, headed by th
chairman of the Tea Board, will b
formed to formulate a long tern
plan and strategy for tea. Th
committee will include rep
resentatives of the tea industry, re
search organisations, financial in
stitutions and other concerne
agencies.

Of the Rs 10 crore fund t
finance the research, Rs 5 crore
will be raised by the tea industr
and a matching grant will be giver
by NABARD.

Another look at export councils

Export promotion councils cover
ing different product groups wil
be reorganised to make them
more purposeful in their function
ing to increase exports. The India
Institute of Managemen
Ahmedabad, is currently workin
on a study commissioned by th
government on ways to streamlin
and strengthen the councils. Thi
study will promote the blue prin
for the reorganisation of th
councils.

Addressing chairmen of th
councils at a meeting held re
cently, the union minister fo
finance and commerce, N. D
Tiwari, underlined the need fo
each council to prepare detaile
export plans geared to speci
thrust areas and markets. Of th

21 councils which had promised to formulate action plans earlier this year, only four had done so.

Foreign tie-ups for bicycles to be allowed

The government has decided to allow foreign collaboration, both financial and technical, for the bicycle industry.

This decision has been taken considering the question of upgrading the technology for the manufacture of bicycles so as to make the industry more competitive in the international market.

Rs 5,000 crores for power improvement recommended

The five member commission headed by A. K. Shah, chairman of the UP state electricity board, has just submitted its report on the problems of high transmission and distribution lossses in the country.

The committee has called for an investment of Rs 5,000 crores to implement power system improvement schemes. The investment, spread over five years, will be equivalent to the generation of not less than 5000 mw of additional electricity by way of reduction of transmission and distribution losses and elimination of theft of energy.

The committee, whose opinion is along the lines of that of the earlier Rajadhyaksha committee, strongly advocates that before making new investments, the highest priority should be given to reducing the losses. The committee has said that this should be the main thrust in the mid-term appraisal of the Seventh Plan provisions and the Eighth Plan period.

20,000 tonnes polymers to be imported

The import of 20,000 tonnes of polymers has been fixed for the September-December period this year to meet the requirements of the plastic industry.

Dr. S. Ganguly, chairman of Indian Petrochemicals Corporation, said while participating in a review of the performance of IPCL, that this would meet most of the requirements of the raw materials needed by small scale units.

AIMO wants cheap funds

The All India Manufacturers' Organisation (AIMO) had recently arranged a meeting with N. Vaghul, ICICI chairman, to discuss problems of finance for Indian exporters.

The main thrust of AIMO's presentation was, first, the lack of availability of working finance and secondly, the high price of such finance, both of which were responsible for making Indian exports uncompetitive.

Vaghul agreed that working capital was indeed a problem but for that the "dichotomy" in Indian industrial finance was to blame. While the term lending institutions could lend profit finance, they were helpless when the same units which they had funded faced difficulties in raising working capital.

As regards the high price or high interest rate charged for funding export activity, Vaghul pointed out that in countries like Japan where the lending rates are low, it is the savers who make the sacrifice as they accept a low rate of return on savings. Since this is not the case in India, lending rates are inevitably high.

IMF approves 29 million SDRs

The International Monetary Fund (IMF) has approved 29 million special drawing rights (SDRs) for 23 low income countries this month, excluding 15,524,202 for India.

This brings the total to India under the supplmentary financing facility account to 123,669,834 SDRs for the period 1981-87.

Parliament okays hotel tax bill

On 31 August Parliament put its seal of approval on the Expenditure Tax Bill 1987 which seeks to levy a 10 per cent tax on hotel accommodation costing over Rs 400 per person per day.

Minister of state for finance, Janardhan Poojari has asserted that the Bill is aimed at curbing wasteful expenditure.

The revenue from this expenditure tax is likely to net about Rs 50 crores annually, which will accrue to the Centre.

Chinmaya Institute of Management mooted

The Chinmaya Mission, headed by philosopher Chinmayananda, is planning to set up an institute of management with the primary aim of evolving a style of management that can effectively tackle Indian societal problems. Chinmayananda believes that traditional values and ancient teachings contained in the scriptures and sastras will provide the solution to the problems of Indian industry.

A workshop held at Sidhabari in Himachal Pradesh in August on the subject was attended by leading management experts and heads of private sector and public sector establishments. It set the ball rolling for research into Indian philosophical thought as related to management science, which Chinmayananda proposes to conduct on a national scale.

HTA crosses Rs 50 crore milestone

Hindustan Thompson ended its financial year on 30 June 1987 with record billings of nearly Rs 52 crores. This is the first time an advertising agency in India has reached and crossed the Rs 50-crore milestone. Of HTA's 119 clients, 10 are among the country's top 25 companies; seven are among the top ten advertisers; and 21 are from the public sector.

Fund to push Indian exports to US

India is planning to create a special $100 million fund and a conglomerate of private business houses to make a deeper penetration into US markets. The major thrust products for the US will be engineering goods, electronics, computer software, chemicals and leather manufactures.

Vanaspati prices pegged voluntarily

The vanaspati industry has voluntarily decided to peg the consumer price of vanaspati at Rs 335 per 15 kg as a gesture towards consumers for the festival season. The price control which both the vanaspati industry and the government have agreed to will be valid till 30 November.

The government has agreed to increase the allocation of imported edible oils to the industry from the present 70 per cent to 85 per cent. The 70 per cent allocation will continue to be supplied at the recently increased price of Rs 15,000 per tonne; while for the additional 15 per cent allocation the industry will have to pay Rs 18,000 per tonne.

Scindia's UK unit to close down

The near bankrupt Scindia Steam Navigation Company has decided to close down its loss-making British subsidiary, Scindia Steam Navigation London Limited. It was originally set up to scout for European business opportunties for the company's ships. But lack of business in the last few months had turned this 30-employee outfit into a losing proposition. It was reportedly losing as much as Rs 50,000 a day during this period. A notice of closure has already been issued to the subsidiary's administration.

DCM workers get a good deal

Following a Rs 70 crore golden handshake package offered by the management, agitating workers of the Delhi Cloth Mills have urged the government to allow the company to close down its Delhi plant. The 5,400 workers of the mill stand to make amounts varying between Rs 80,000 to Rs 1.4 lakhs as a result of this package. It is a substantial increase in compensation for the workers compared with the package the company offered to them earlier, which was worth just Rs 29 crores. The workers have claimed that it would be in their interest for the government to accept their proposal since the Delhi Master Plan anyway provides the shifting of all industrial units out of Delhi by 1992.

Peerless acquires Reyrolle Burn

Prasmal Lodha of the Peerless group has acquired a controlling interest in Reyrolle Burn, a Calcutta based manufacturer of light engineering goods. The company which is a joint venture of Reyrolle Persons of UK and the state-owned Burn Standard Company has been on the verge of closure because of its recent poor performance. Lodha has not only acquired a 50 per cent stake in the company but has also injected fresh funds to revive it. As a result its capital base now stands expanded with Lodha's interest going up to around 70 per cent.

Indal plans to diversify

Indian Aluminium Company has announced plans to diversify into two new fields. A Rs 34-crore plant to be set up at Haldia in West Bengal will manufacture 20,000 tonnes of chlor-alkali annually. The chemicals are used widely in industries like petrochemicals, textiles, metallurgy, paper, etc. There is a shortage of this material in the Eastern region at the moment. Indal itself currently consumes about 20,000 tonnes of caustic soda annually. The new plant is expected to go on stream in late 1988.

The company also proposes to set up a plant near Mysore for the manufacture of 30,000 square metres of professional grade printed circuit boards in technological collaboration with Kollmorgen Corporation, USA. This project which will cost Rs 12 crores will be ready by December 1988.

Woolcombers tie up with Japanese firm

Woolcombers of India Limited, a Goenka company, has signed an agreement with the Japanese firm Toyomishima and Company Ltd. Under the agreement, a subsidiary of the Japanese company will transfer about 6,000 spindles, matching preparatory drawing machines and auto-coners for the manufacture of worsted wool yarn from wooltops. Under a unique deal, the equity of this 100 per cent export oriented unit will be shared by the Indians and Japanese in the proportion of 60:40 with the latter converting a portion of the value of the machinery it will supply into its portion of the equity. The worsted wool yarn to be spun here will be shipped to various overseas markets under Toyomishima export instructions.

Customs to refund fine to Tatas

Under instructions from the Bombay High Court, the Customs Department will refund the full amount of fine it imposed on the Tata Oil Mills Company Ltd between December 1980 and February 1981 for the import of fatty acids. The company will also be paid interest at the rate of 12 per cent, starting January 1984. The company had gone to court claiming that the detention of goods was not due to any fault or negligence on its part, but because of the wrongful action of the customs authorities.

Microfocus comes to India

Visesh Technology, a Bangalore based software company, has been appointed dealer for Microfocus, the UK software manufacturer. The software, mainly cobol compilers, will be sold to local users at Indian prices. Microfocus's software tools are considered among the most modern in the world. The arrangement will also enable Visesh to import software for Unix Operating Systems, which have been defined by the Computer Maintenance Corporation as standard for mini computers in India.

Tata, JK proposals turned down

The government has turned down proposals for two new business ventures by the Tatas and the JKs. The Tatas had sought permission through Tata Industries Ltd to set up a leasing and hire purchase firm in Bombay for various types of assets worth Rs 200 lakhs in the next two or three years. The government rejected this application claiming that "the company has not furnished information with regard to certain points raised during the course of the hearing in spite of reminders sent. Therefore the government came to the conclusion that the company was not really interested in pursuing the proposal."

The JK group had proposed to set up a plant in Uttar Pradesh for the manufacture of single super phosphate and sulphuric acid costing Rs 9 crores as part of its company Straw Products. The plan was rejected on the grounds that sufficient capacity already existed for the manufacture of these products in the country.

Shriram to export gensets

Shriram Honda Power Equipment Ltd, the manufacturers of Honda gensets in India, have announced their intention to export the product to countries in Eastern Europe and Africa. According to a recent report, the company plans to export 10,000 sets a year. This however will not affect its domestic sales since its capacity is for 125,000 sets annually. The production target for the first year is 40,000 sets, 56,000 for the second year, 64,000 in the third year and 70,000 in the fourth.

ITI to make push-button phones

Face Standard of Italy, a worl leader in the manufacture of push button telephones, will hel Indian Telephone Industries mak the product in India. An agreement signed recently also pro vides for the Italian firm, a associate of Alcatel, France, t team up with ITI for the manufac ture of capsules for telephones The Indian public sector compan will thus become the first one out side the West to acquire thi technology.

Personal computers for schoolchildren

Unicorn, a low cost persona computer meant for schoolchildren and their teachers, will shortly be available in the market. Manufactured by the state owne Semiconductors Complex, it offers technical specificatons simila to other personal computers in the market. SCL has also develope two sets of software for this computer — a school managemen software that will consist o packages like 'Free Manager,' an 'Students Progress Monitor,' and 130 teaching aid packages tha will cover a variety of schoo subjects.

Rallis to set up irradiation facilities

Rallis India proposes to become the first Indian company in the private sector to set up large scale irradiation facilities. It plans to set up two of these in Cochin an Nasik at a cost of Rs 9.29 crores. The technology will be provide by BARC. An independen national monitoring agency of the government will monitor th performance of the projects including operational safet methods.

The facilities will be used fo the irradiation of spices, fruits an vegetables which will increas their shelf life. It is a logical extension of the company's activities a Rallis is already a major exporte of marine products and povides lot of inputs to agro-chemica industries.

The businessman who flies Concorde has his feet firmly on the ground.

He knows that flying at 58,000 feet he'll enjoy haute cuisine that's truly out of this world.

He knows the wines served on board come from some of the finest cellars in Europe.

He's not unaware that he'll be paying £381 more than he would for a first class seat on a subsonic flight.

But most important of all he knows he'll cross the Atlantic in under four hours. Arriving fresh in New York at 9.20am (having left London at 10.30am).

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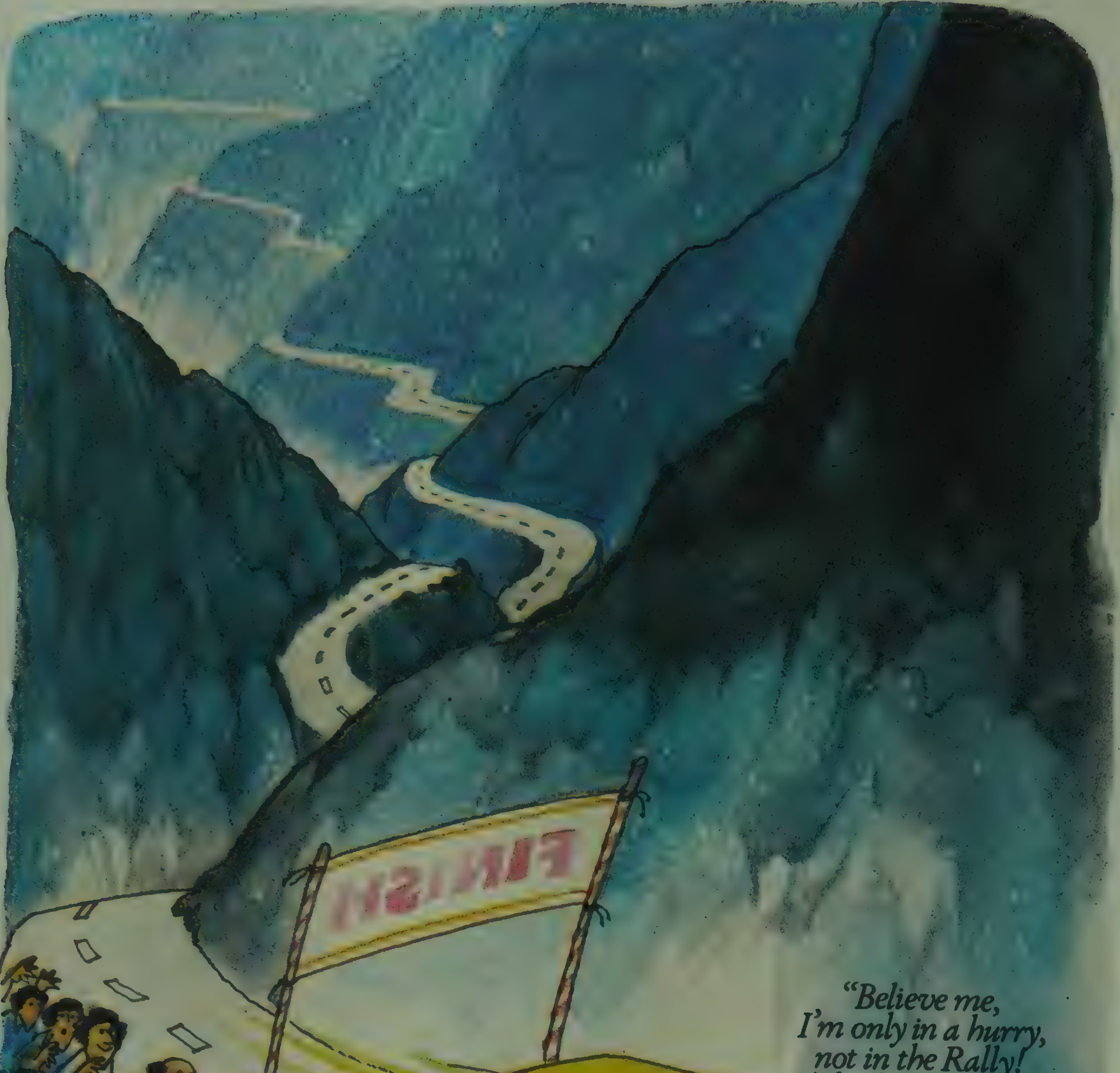
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BEL to transfer dual beacon technology

Bharat Electronics Limited, Bangalore, will transfer technology for the manufacture of dual beacon transmitters to Marine Communications Electronics India Limited, Visakhapatnam, a subsidiary of the Andhra Pradesh Industrial Development Corporation, according to an agreement signed recently. Dual beacons are navigational aids used in aviation, BEL designs and manufactures to international standards. It has so far supplied 10 of these beacons to the Department of Civil Aviation and is now in the process of manufacturing 75 more for the Indian Air Force. All further air force orders will now go to the APIDC subsidiary.

CMC teams up with Management Association

The Computer Maintenance Corporation of India will team up with the All India Management Association to develop expert systems and decision support systems in the core sectors of the Indian economy. AIMA will provide management and public administration expertise while CMC will supply the necessary computer professionals for various developmental projects the two organisations plan to undertake in the country. The Carnegie Mellon University of USA has agreed to extend training facilities for professionals who will be involved in this work.

Paradip Phosphates closes down

The shortage of phosphoric acid has led to the indefinite closure of Paradip Phosphates Limited since 22 August. The company, a joint venture of India and Nauru, depends on the US for its supply of raw material.

According to its general manager, Debraj Pangigrahi, the wide fluctuations of the acid price in international markets has led to this situation. About 1,200 workers, who are dependent on the company, have been rendered jobless as a result.

Varun acquires its eighth ship

Varun Shipping Company Ltd took delivery of its eighth ship, *Vishwadoot,* at Singapore recently. This is a product tanker which will be used for movement of petroleum products, chemicals and vegetable oils. The purchase of the Rs 16.2 crore tanker has been financed partly by long-term loans from the Shipping Credit and Investment Company of India Ltd and the State Bank of India and partly out of the company's internal resources and other borrowings.

Standard Chartered sets up training centre

Standard Chartered Bank is in the process of setting up a permanent training centre with residential facilities at Juhu in Bombay to train its staff in specialised areas such as priority lending, foreign exchange and management procedures in addition to regular banking-oriented programmes.

The centre will be used for the training of officers serving in India, the Middle East & South Asia as well as clerical staff in Western India.

Awards

Eicher Goodearth Limited has won the Confederation of Engineering Industry (CEI) Award — 1986 for excellence in the field of human resources development.

Events

Batimat 87, the 16th International Building Exhibition, will be held in Paris between 8 and 15 December. For further information contact: 141, Av. De Wagram, 75017 Paris.

Deaths

- Romesh Thapar, editor and publisher, *Seminar,* and *Business India* columnist, died in Delhi on 22 August.
- Samar Sen, former joint editor of the *Hindustan Standard* and founder-editor of *Frontier,* died in Calcutta on 23 August.

Diary

Date	Subject	Organiser	Venue
10-11 Sept	**Marketing to Government**	Calcutta Management Association (Tel: 442815, 432073)	CMA Auditorium
12-13 Sept	**A course on pressure vessel and heat exchange technology**	Gramya Research Analysis Institute, Baroda (Tel: 321797)	Hotel Express, Baroda
12-13 Sept	**Regional Marketing Seminar**	Institute of Cultural Affairs: India, Calcutta (Tel: 448788)	Hotel Taj Mahal, Bombay
14-15 Sept	**ESI Scheme**	Calcutta Management Association (Tel: 442815, 432073)	CMA Auditorium
19 Sept	**Office Automation**	Madras Management Association (Tel: 475800, 478311) & Management Consultants Association of India (Madras Chapter)	Welcomgroup Adyar Park
21-22 Sept	**Information Technology for Top Management**	CMC Ltd, Bombay (Tel: 219181)	Goa
21-22 Sept	**Executive Supervision**	Indo American Society, Bangalore (Tel: 579361)	Welcomgroup Windsor Manor, Bangalore
22-23 Sept	**HRD Workshop for Line Managers & Middle Level Executives**	Baroda Productivity Council (Tel: 322431, 322433, 322380)	Hotel Welcomgroup Vadodara
26 Sept	**Indian Trade Unions Recent Trends & Implications for IR**	Madras Management Association (Tel: 475800, 4758311)	Welcomgroup Chola Sheraton

Businessmen in the News

IBH to launch video mag

Deepak Mirchandani, managing director of India Book House, the country's largest book and magazine distribution company, will launch India's first video film magazine later this month. Called Movie Video the monthly magazine is a 90-minute film modelled on regular film magazines, and will feature interviews with film stars, gossip, profiles, clips from foreign music videos, behind the scene stories, etc. "With so much of interest in film magazines in the country," says Mirchandani "we feel something like this will do very well."

Mirchandani: video visions

Mirchandani hopes to sell 15,000 copies of *Movie Video* initially. "We have not conducted any market survey," he says, "but we are going by informed judgement. We think a large market awaits to be tapped." His main market, he says, will be the thousands of video tape libraries that have sprouted all over the country in the wake of the 1982 video boom. Unofficial estimates put the number of video recorders in the country at around 900,000

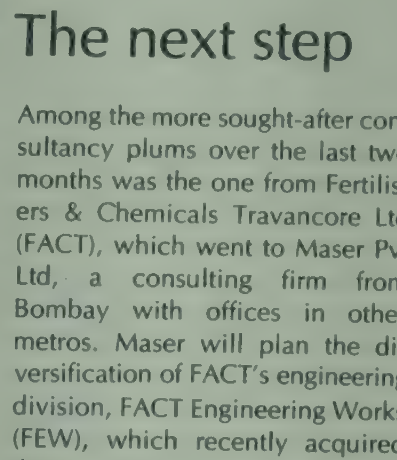
By selling the tapes at Rs 150 a piece, there is no doubt that Mirchandani is in for some heavy profits, if he does manage to achieve his target sales figure. Unrecorded video cassettes are now available in the market at rates varying between Rs 65 to Rs 80. Besides this, his only other expense will be in recording and duplicating. He will be spending virtually no money on paying the filmstars who appear in these films. It is unlikely that stars with their penchant for publicity would charge any appearance royalty. Mirchandani also stands to make substantial profits from selling overseas rights of these films that will cater to the large non-resident Indian market. Mirchandani also expects the 10-minute ad slot at Rs 8,000 a minute that will accompany each film to bring in good money.

IBH's sales last year were in the vicinity of Rs 16 crores, most of it coming from distribution of books and magazines. However, its success in publishing has been mixed. It runs two highly successful children's magazine *Tinkle* and *Amar Chitra Katha*. But of the three other magazines the firm launched in the last five years, only one *Movie*, survives.

The next step

Among the more sought-after consultancy plums over the last two months was the one from Fertilisers & Chemicals Travancore Ltd (FACT), which went to Maser Pvt Ltd, a consulting firm from Bombay with offices in other metros. Maser will plan the diversification of FACT's engineering division, FACT Engineering Works (FEW), which recently acquired the assets of a large engineering company in Kerala, including a penstock manufacturing plant.

"We will advise FEW on what to do next," says Raj Nair, a director of Maser. "Our work normally involves advising clients on which projects to pursue, which technologies to adopt, and also conduct market research studies." For Maser, which has completed over 450 studies in market research, techno-economic feasibility reports and other project-related areas, the FACT contract is not the only one to boast about. Its client list includes large organisations such as Escorts, Hindustan Lever, Dunlop and Tisco, besides leading foreign banks and state government undertakings.


Nair: much to boast about

Nair, a former consultant with Grindlays Bank with degrees from the Indian Institute of Technology and the Indian Institute of Management, has steered Maser into specialising in market research, especially in the field of chemicals. "At Maser, we feel that there is a lot more to market research than merely forecasting a product's demand," he says. "A proper product mix, a strategic pricing policy and efficient distribution systems, knowledge about present and likely future competitors are some of the factors that could be vital to a project's success."

The firm is currently working on about 40 projects for clients such as Birlas, ITC, Mahindras and public sector organisations.

For the middle class

Unlike most other hire purchase companies the Madras based Shoppers' Investment and Finance Company Limited (SIFCO) concentrates on providing credit for the purchase of consumer durables for the salaried middle class. Its brandname, Readymoney, has become quite well known in the South over the last three years.

SIFCO was promoted in 1984 by the Reliable Hire Purchase Company. Reliable was a 25-year-old company which had come up for sale and was bought by G. Mohan, vice-chairman and president of SIFCO. There were all kinds of restrictions on the structure of Reliable, which stood in the way of growth. Hence SIFCO was promoted so that the Reliable could become a holding company. In early 1985 SIFCO commenced operations.

Chandrasekaran: making things easier for people

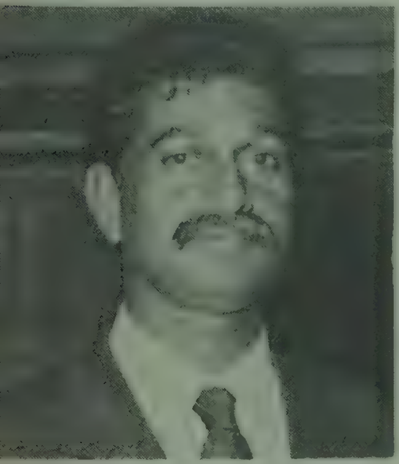
"Today there is a tremendou growth in the purchase of con sumer durables like two wheelers music systems, televisions and s on. Even about five years ago onl people with hard cash coul purchase these things. But the av ailability of these products have increased. And most manufactur ers have realised that unless some kind of arrangements are made fo payments by instalments it is dif ficult to sell them," say N. Chandrasekaran, managing director of SIFCO. He is fully convinced that a tremendous potential exists in the financing of con sumer durables for middle class.

So far, about 30,000 people have borrowed from SIFCO Chandrasekharan hopes to double this by the end of the year. The stock on hire as of end April was Rs 1.8 crores. Chandrasekaran is confident of increasing it to Rs 6.5 crores by June 1988 and further to Rs 15 crores by 1989. To have sustained growth funding becomes very important. The present paid up capital of the company is Rs 50 lakhs. SIFCO plans to augment long term funding requirements by making a public issue of Rs 75 lakhs shortly.

Going hi-tech

"A few years ago, we decided to diversify into new major high technology related areas, namely chemicals and telecommunications," says Vijay Chowgule, director of the Chowgule group. Till recently the group was involved in breweries, shipping, mining, cement, fisheries, explosives and office automation systems. Last year (1985-86) the group boasted of a turnover of Rs 186 crores of which export earnings alone were Rs 60 crores.

"When we set up Karnataka Explosives a couple of years ago, it was our first attempt to move into chemicals. Now, by setting up Arlem Electronics to manufacture Arlink EPABX systems using C-DoT technology, we will move into telecommunications too," says Chowgule.


Chowgule: that extra fizz

Both the explosives as well as the EPABX businesses are expected to fetch the group additional sales of Rs 15 crores each in three years' time. "We decided to have a significant presence in the telecommunications business through manufacture of EPABX systems because it involves the least investment," adds another source in the group. The initial investment in this project is only around Rs 90 lakhs. "By selling EPABX systems through Chowgule Industries, which is our marketing wing already involved in selling Cannon Photocopiers, computers and Arlem beer, we are confident of selling systems worth over Rs 7 crores by 1989-90," adds Chowgule.

Now fertilisers too

"We know we can sell the SSP (single super phosphates) which we hope to begin manufacturing this month in western MP because there is no other SSP manufacturing unit in the vicinity. The government's decision to allow manufacturing units to market SSP only within a radius of 300-400 miles also helps us," says Asho Ramasinghani, director of the recently floated Rama Phosphates Ltd.

Ramasinghani belongs to the Rama group of companies that has an annual turnover of Rs 60 crores. The group manufactures fertilisers and paper, trades in chemicals and yarn and is also in real estate. Overseas business interests in hotels, real estate and garments bring in additional receipts of over Rs 70 crores a year.

"Given our long acquaintance with fertilisers, we decided to set up Rama Phosphates at a cost of Rs 7 crores," says Ramasinghani. While a sum of Rs 2.55 crores will be raised by way of equity (including a public issue worth Rs 1.3 crores which opens on 17 September this year) the rest will come from term loans. "Despite the reported glut in fertilisers and the general fear in the market we hope to achieve sales of over Rs 7.5 crores during the first year of production; we expect sales will go up to Rs 10 crores by the third year. Profits over the same period should increase from Rs 90 lakhs to Rs 1.25 crores," says a confident Ramasinghani.

Flying high

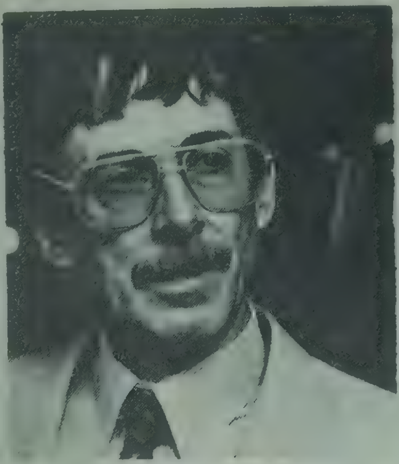
"Two years ago, Lufthansa witnessed a turnaround in business opportunities in India," says Michael S. Suesser, passenger sales manager, (Western India & Bombay), Lufthansa German Airlines, which last year was the No 1 IATA airline in the world in respect of cargo and No 4 in respect of passengers. Its revenues stood at DM 10.1 billion in 1986. "Last year alone we have increased our capacity in this region by 30 per cent for passengers and 50 per cent for cargo," adds Suesser.

That India has assumed great significance for Lufthansa is evident. Lufthansa recently brought in 747 aircraft instead of the DC 10s that it had been operating for uplift of cargo from India earlier. Moreover, unlike as in the past where Lufthansa operations in India (and Bangladesh, Nepal and Sri Lanka too) used to be considered a part of a region headquartered in Hong Kong, from this year onwards Indian operations (including the countries given above), will report direct to Lufthansa's headquarters in Frankfurt.

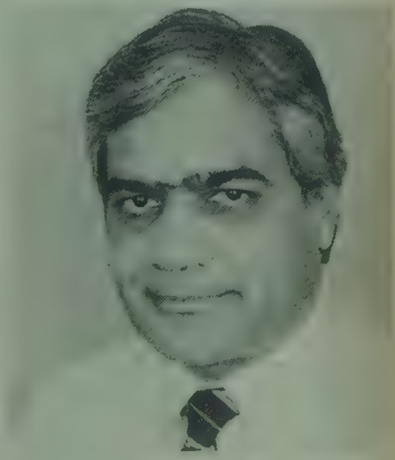
Advertising globetrotter

Talking to Gordon Harrison, international account director SSC&B:Lintas, one begins to get an understanding of how international the agency is. In the 25 years that Harrison has been with the agency, he has spent 17 years outside the UK (where SSC&B has its headquarters) in branches as far apart as Paris and New Zealand. Now based in London, he oversees international clients' advertising in the areas of detergents, foods and drinks.

As Harrison explains, "Global marketing is now becoming fashionable and over the past few years the trend has accelerated. My office provides information on international markets and coordinates campaigns for our international clients." Harrison's trip to India was primarily to update himself on the work its associate company is doing here for Lever — Lintas' client worldwide. "Our role is essentially to assist our local agencies to do the best job," says Harrison. "We can draw on the resources of other offices and help to develop and add to campaigns."


Harrison: detergents, food, drinks and politics

While in Bombay, Harrison made a very interesting presentation to the Ad Club on the role of TV in election campaigns. Though Lintas internationally has an unwritten policy of steering clear of taking up campaigns for political parties, Harrison was personally interested in "exploring the role TV has come to play in the political arena in the US and the UK"


Patel: manufacture and exports

Expanding in India

"Recently, General Electric (GE) USA, okayed a collaboration between its subsidiary in Japan — Yokogawa Medical Services in which GE has a 75 per cent equity stake — and Elpro International, GE's manufacturing arm in India in which GE has a 40 per cent equity stake, to manufacture CT scanners, magnetic resonance and ultrasound systems in India," reveals Harish S. Patel, manager, Asia Pacific and Latin America, General Electric Medical Systems Group's Project Support Centre.

Hitherto, GE was involved in making lighting appliances and x-ray machines in India, which it markets through its second subsidiary here, IGE (India), in which too it has a 40 per cent equity stake. "Once we begin manufacturing high technology medical equipment in India (the Indian government has yet to clear the collaboration agreement) we also intend exporting 50 per cent of the items manufactured," Patel says. Most of these exports will be essentially to East bloc countries.

FLYING CABLES IN THE AIR?

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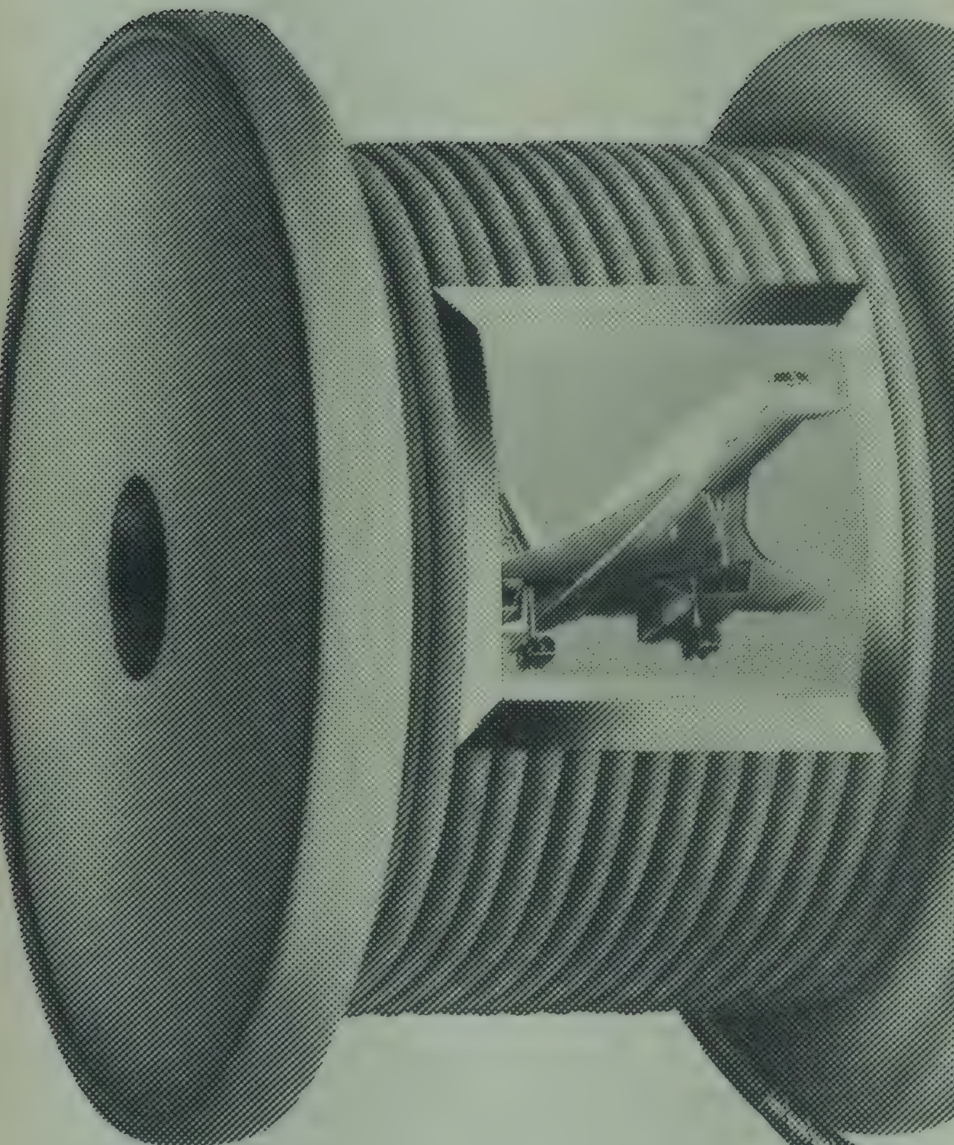

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Business Notes

Vanaspati prices

A temporary reprieve

Vanaspati manufacturers feel they have achieved the impossible. And the government is pleased that it has made a small beginning in holding the price line. Last fortnight, manufacturers' representatives emerged from a meeting with H.K.L. Bhagat, minister for food and civil supplies, and announced an eight per cent cut in the prices of vanaspati — from Rs 365 to Rs 335 per 15 kg tin. However, the agreement lasts three months only and expires on 30 November.

There are several strings attached to the price cut. Imported oil allocations for the vanaspati industry have been increased dramatically to 85 per cent — 70 per cent at a concessional rate of Rs 18,000 per tonne and the balance at Rs 15,000 per tonne. Compared with the ruling prices of edible oils in the domestic market, rice bran (Rs 21,000 per tonne), soya (Rs 23,000 per tonne), and cottonseed (Rs 23,500 per tonne) vanaspati manufacturers are definitely getting a better deal but industry spokesmen are unimpressed. "Due to the price cut the industry is sacrificing Rs 1,980 per tonne," says one of them. "The benefit accruing from cheaper imported oil allocations works out to Rs 900 per tonne. There is still a shortfall of Rs 900 which has to be absorbed. And it won't be surprising if a few unscrupulous manufacturers take advantage of the huge price difference between imported and domestic oils."

Ineffective strategy. Observers feel that the government was forced to increase imported oil allocations because of the gloomy outlook for oilseeds production. Three successive years of drought in major oilseed growing areas like Gujarat (where the area under groundnut cultivation has fallen by 60 per cent this year) have taken their toll. Thus it is adopting a dual strategy to hold the price line: over 1.5 lakh tonnes of palmolein oil was released through the public distribution system (PDS) recently. As a price control mechanism, the PDS to date has been singularly ineffective. Further, as the vanaspati industry is the single largest operator in the domestic edible oils market and prices inevitably rise whenever imported oil allocations are slashed, the government hopes that the new policy will pay dividends as it effectively keeps the vanaspati industry out of the market. Time after time, the government has proceeded on this premise only to realise much later and at public expense that its policy falls short of expectations. But the vanaspati manufacturers are confident of achieving price stability. "During the last week, prices of edible oils in the Bombay market have fallen by 10 per cent," they point out. "Increasing imported oil allocations has a salutary effect on the local market."

Vanaspati production in the nine month period between November and June is placed at 5.95 lakh tonnes compared with 5.91 lakh tonnes in the corresponding period in 1985-86. Whether capacity utilisation in the last quarter will improve and a further fall in prices can be expected in December still remains to be seen.

S. N. VASUKI

Small industries

FASII in a fix

Differences between the northern and the western regional units of the Federation of Associations of Small Industries of India (FASII) have come to a head with a dominant section of the western region getting set to break away and form a rival national organisation. Efforts at a rapproachment appear unlikely to work out, with crucial organisational elections barely three weeks away, and Deokisan B. Sarda, vice-president from the western region, leading the breakaway faction, expecting to muster support from the southern and the eastern regional units as well. The 28-year-old national apex body for small scale units has seen serious rifts in its 90-strong executive committee over the past two years, in which even the Calcutta-based president, N. Dutta, has been involved.

Sarda accuses the "Delhi clique", led by FASII honorary general secretary P. B.Duggal of trying to usurp power, while Duggal charges western region executive committee members with violating the organisation's constitution. But it was only after the central secretariat in New Delhi got the western region's bank accounts frozen that the fight came out in public view.

Bad blow? For the FASII, the breaking away of the western region would be a crucial blow as the latter accounts for at least 50 per cent of the national membership of about 180 regional associations and 2,000 individuals. And, with Dutta also expressing his misgivings over the "total disregard towards constitutional provisions" and the "undermining of the secretariat" by the Duggal faction, many in the eastern region may decide to join forces with the western region.

The most pressing issue, however, is the rejection of nomination papers of several candidates for the forthcoming elections by the secretariat in New Delhi. This is seen as an attempt to block the entry of certain people into the FASII executive committee. While Sarda accuses the secretariat of rejecting the papers on flimsy grounds, Duggal claims that the papers were "not in correct order". But Sarda is quick to point out the case of V. K. Saraf, a western region member who threatened legal action when his papers were rejected — the Delhi secretariat promptly accepted his candidature.

Meanwhile, Sarda and his group are busy canvassing support. One prominent member from the western region, M. L. Bagri, a former honorary general secretary of the FASII, has already resigned from the executive committee. And about 20 associations from the western region who are members of the FASII have already expressed displeasure over the functioning of the Delhi group at a meeting held in August. Sarda expects more support to come — at a meeting he plans to convene sometime in mid-September, before the elections; he expects that 30 to 40 members will attend.

Shaky solidarity. Dutta could not be reached for his comments on the developments, but P. V. Ramanaiah, FASII vice-president from the southern region, is still hopeful of a settlement. "We are all one," he says. "There may be a slight difference of opinion, but we would like to see that everything is patched up." But all indications are that the warring factions are on a collision course. And at stake for the smallscale industrialist is what matters most — solidarity.

SHANKAR P.

Industrial alcohol

Confusion over export proposal

It was only in July that the polythene unit of IEL in Rishra, West Bengal, announced closure of operations, thanks to the high cost of its raw material — imported alcohol. Ironically, in the very next month, state governments of Uttar Pradesh and Maharashtra were contemplating the export of alcohol and were examining avenues for such exports. At prices lower than what domestic sales would fetch!

That the lack of a national alcohol policy has been playing havoc with the domestic alcohol based chemical industry is a fact well known and well documented. But the fact that state governments are actually contemplating exports of the raw material out of the country is indicative of a total unwillingness on the part of these state governments to see sense.

State issue. The crux of the problem is that alcohol is a state subject and thus all levies

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imposed are at the discretion of the state governments. And despite consistent pleas by the All India Alcohol Based Industries Development Association to the contrary, seconded by numerous committees set up by the central government, the pricing of alcohol for industrial purposes continues to remain a state issue, subject to the whims and fancies of state governments. "It is perhaps the only industrial raw material which is not under the purview of the centre," says Ashok M. Kadakia, chairman, western region, Indian Chemical Manufacturers Association.

While potable alcohol has been for the state governments the real revenue spinner — and the allocations for potable use are on the rise — they have not been able to resist the temptation of hiking excise on industrial alcohol as well. This has resulted in glut of industrial alcohol in the country purely because it has been priced out of the reach of the domestic consuming units.

Maharashtra and Uttar Pradesh were estimated to have produced more than half the country's alcohol production of 635 million litres in 1986-87. Maharashtra's estimated production was 152 million litres and UP's 187 million litres. The demand for industrial alcohol in the two states were put at 106 million litres and 66 million litres, respectively. While Maharashtra, which has a large number of alcohol based units, increased the "transport fee" (an euphemism for a purchase tax) on industrial alcohol from 25 to 75 paise per litre in January this yer, UP has hiked its "export pass fee" (for exports to other states) to Rs 2 per litre.

Prices too high. "At these prices the distillers are just not finding buyers and therefore pressing for exports out of the country," says Anilkumar S. Ruia of the Kolhapur Sugar Mills Ltd. But what is surprising is that the state governments, instead of opting for a more rational duty structure to take care of the glut, are seconding the proposal of the distillers for exports. According to industry insiders, although the exact amount of exports has not been announced, UP is reportedly thinking of exporting 50 million litres and Maharashtra 10 million litres.

"Besides depriving the domestic units, exports of almost 10 per cent of the total country's production will mean a lower price per litre of alcohol for the distillers," points out Ruia. Exports can only be at a maximum price of $200 f.o.b. per kilo litre or Rs 2.60 per litre. Transport costs from UP to Kandla port amount to almost Rs 1 per litre which means a price realisation of Rs 1.60 per litre for distillers in UP as against the domestic price of Rs 1.75 a litre. For distillers in Maharashtra, the price of selling within the country is Rs 3.00 even though transport cost to the port are lower at 60 paise.

The alcohol based industry is understandably at a loss to figure out the state governments' attitude since no one stands to benefit from exports.

KEYA SARKAR

TV advertising

Troubled spots

The ability to reach millions of consumers through TV advertisng might be a dream come true for manufacturers, but for the advertising agencies, and even Doordarshan, it often is a nightmare. Though Doordarshan is in the enviable position of being a monopoly space seller, its relative unfamiliarity with handling this kind of business has created problems both for itself and for the space buyers.

Advertisers get commercial time through buying spots or through sponsoring programmes. However, very few of them actually book time themselves since it would involve a cash down transaction, and shifting or cancelling ads is tricky and time consuming. Working through accredited ad agencies, who in any case make the commercials, the advertiser has some flexibility in scheduling and pays up only much later. Doordarshan bills the agency within 45 days after actual telecast and the agency in turn gives its clients an average of 30 days credit. The agencies' commission on billings is generally 15 per cent.

Long queue. According to Doordarshan's figures, actual commercial broadcast time currently amounts to 5 per cent of broadcast time. (It used to be higher until March of this year when rates went up.) In effect this amounts to very little commercial time. According to V. Ramamurthy of Super Services, an agency that offers ad monitoring services, total commercial broadcast time in the month of July was 11.26 hours. This works out to an average of 21 minutes a day, and advertisers naturally queue up for prime time and/or high viewership programmes. And this is where the problem lies.

In the absence of any advance information on which programmes are going to be aired and the lack of previewing facilities, agencies have tended to overbook. Doordarshan opens bookings six months in advance but agencies tend to book around two months in advance. And since Doordarshan rarely has all its programmes fixed at that point in time, many bookings are blind. "There have been times when Doordarshan was unable to let us know what it was going to broadcast 24 hours before broadcast time," says Mira Abraham, Trikaya's media chief.

Inevitably, that has led to a lot of cancellations. Doordarshan also avers that many bookings were done to block time. And besides problems with cancellation of spot bookings, it also maintains that it is running into scheduling problems with last minute cancellations of sponsored programmes. Consequently, in August, it sent out a circular to the agencies saying that it would levy cancellation charges. The rates ran from 10 per cent for cancellations made more than 30 days before telecast to 100 per cent for cancellations made within 3 days or less of scheduled broadcast.

Too harsh. The agencies and the advertisers felt that Doordarshan was coming down too heavily on them. As Mukul Upadhyaya, chairman of the Ad Club's TV and radio cell says, "While we appreciate that Doordarshan is anxious to avoid last minute cancellations and to curb the malpractice of blocking time, we felt that the cancellation charges would prove to be quite harsh on advertisers who have genuine reasons for cancelling spots or sponsored programmes." These reasons include unexpected changes in the market or in an advertiser's business, or the discovery that a programme has stopped and/or its viewership and the products being advertised are out of sync. Another problem has been last minute offers of sponsored programmes. Advertisers then resort to block shifting of ads and Doordarshan has to reallocate the original spots.

Members of the advertising fraternity recently met Doordarshan officials to argue their case. The upshot has been that Doordarshan has now agreed not to levy cancellation charges. Instead it will now not accept cancellations within 20 days of scheduled broadcasts. It will also not confirm bookings for sponsored programmes until it has four capsules in hand. When it comes to commercials, ad films will have to be handed over at least seven days in advance or will be treated as a no-show; clients will then have to pay in full for the scheduled commercial time. The one concession Doordarshan has made is that if the agency, for whatever reason, cannot air the scheduled commercial, it can use the spot for any other product of the same client. Doordarshan has also agreed to a minimum of one month's notice of programme allotment and has begun offering previewing at Delhi and will soon extend it to Bombay, Calcutta and Bangalore.

Thorny issue. Though the new measures should help to iron out many of the space sellers' and buyers' problems, the latter still have one thorny issue to deal with — sponsored programmes. About four years ago, when Doordarshan decided to go in for sponsored programmes in a big way, it put out ads inviting scripts. It got thousands. Many of the scripts came with producers firmly glued to them. And, according to rumours, it was not necessarily merit that got them approvals and broadcasting time. Until about six months ago advertisers and agencies were swamped by neonate producers whose sole claim to fame in most cases was confirmed prime time telecast.

Earlier this year Doordarshan amended its rules. Producers can no longer get approval on just a script; a pilot, synopses of each episode, a list of the cast, etc, have all to be approved, and broadcast time is not scheduled unless the producers get sponsors. This to an extent has taken care of some of the chaos that Doordarshan and the agencies faced with fly-by-night or laggard producers and also the problems of being stuck with poor quality programmes. But the one major problem that the agencies and their representative bodies — the Ad Club, The Indian Society of Advertisers (ISA) and The Associaton of Advertising Agencies of India (AAAI) — are still ironing out is commissions.

As mentioned earlier, ad agencies' major revenue comes from the 15 per cent commission they charge on billings. When it comes to sponsored programmes, the 15 per cent applies to the advertisers' total bill, ie, TV time plus programme production costs. However, more often than not, the ad agency that services an advertiser's product isn't the one that has commissioned the programme or secured the TV time. Producers and other agencies have sold programmes directly to advertisers; sometimes the servicing agency has secured the TV time and a second agency supplies the programme or vice versa. The permutations and combinations are many and varied but the crux of the matter is the commissions.

Advertisers have tried to make the best of the situation by cutting out servicing agencies or by splitting commissions in a rather ad hoc manner. Only a few companies, Pond's and Colgate are an example, cover second agencies in full and pay their servicing agencies their full 15 per cent commission. The industry bodies want agencies and advertisers to go by set norms.

Some resolutions. At an emergency general meeting on 10 August in Bombay, the AAAI passed the following resolutions: first AAAI members will not approach a non-client with the offer of a sponsored programme; second, when a client is shared by two or more agencies any one of them may introduce a sponsored programme to its client provided 7.5 per cent of the production costs and 12.5 per cent of the media costs are shared among all participating agencies: third, clients buying a sponsored programme from an 'outside' producer or agency must compensate their servicing agencies with a fee equivalent to 15 per cent of production and media costs, which would otherwise be their legitimate fee.

As we go to press, the news is that most agencies have agreed to abide by the AAAI's resolution though there are dissenters. However, as a senior executive of one of the largest agencies comments, "Most of us would be delighted if Doordarshan kept us out of sponsored programmes and just offered us spots. We are after all not in the entertainment business and this is forcing us to work in areas where we have no particular skills or interest." Entertainment is a high risk business and agencies have got their fingers burnt as they dabble in it. But until Doordarshan changes its policies, all they can do is hedge their bets as best as they can.

F.S.

Shooting a commercial: sorting it out with Doordarshan

Leather exports

Boom forces changes

The boom in leather exports is slowly changing established patterns in the industry. Revenue from overseas sales of leather and leather products touched Rs 931 crores in 1986-87, a 40 per cent increase over the previous year's earning of Rs 672 crores. Approximately 51 per cent of the total value of exports consisted of leather goods and products including footwear, footwear components, garments, saddlery and harnesses, etc. "The increase in export earnings can be attributed to higher realisation per unit due to value addition by concentrating on product manufacture," comments a leading exporter of leather products.

With an export target of Rs 1,500 crores to be achieved by the end of the current plan period, indications are that the emphasis henceforth will be on increasing exports by converting more of the finished leather component of total exports into value added products.

Static raw material base. The primary reason for this development is that the raw materia base is likely to remain static. According to a study conducted by the Central Leather Research Institute (CLRI), India may have to import 10,733 million sq ft of leather by the year 2,000 in order to maintain the estimated levels of domestic consumption and to meet export targets.

"This is primarily because animals of the reproductive age are being slaughtered and unless this trend is reversed, a severe shortage of raw material may occur," observes Dr G. Thyagarajan, director, CLRI. The only option left is to concentrate on introducing more value added goods from finished leather in order to meet export targets.

Finished leather constituted Rs 40.09 crores of the total value of exports in 1986-87, an increase of 39 per cent over 1985-86 when sales stood at Rs 28.82 crores. Finished leather exports also constituted 43 per cent of the total value of exports during 1986-87. Leather product manufacturers are therefore clamouring for regulation of the export of finished leather. "Adequate quantities of finished leather are not available to the product manufacturers for value addition," observes M. M. Hashim, chairman, Council

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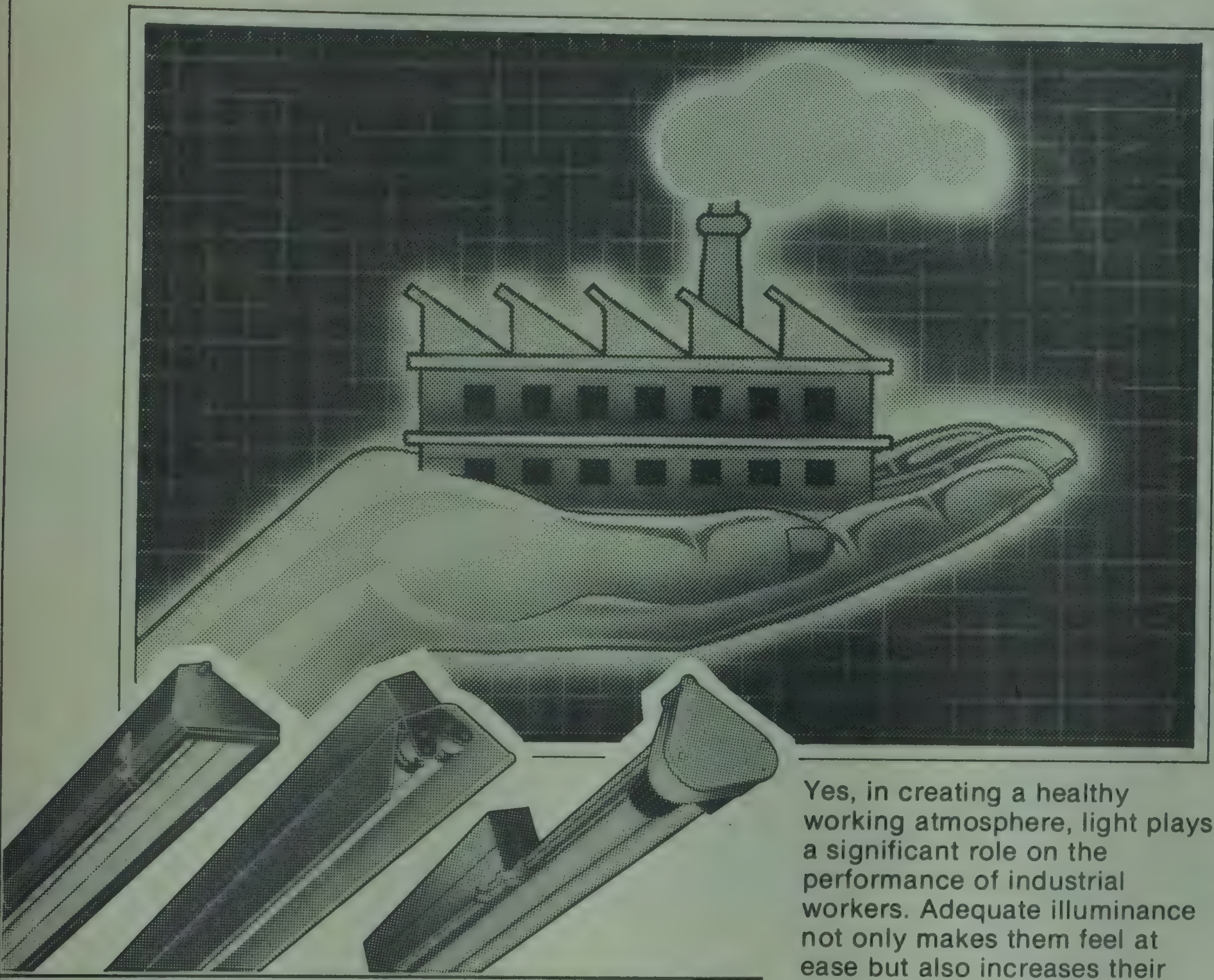

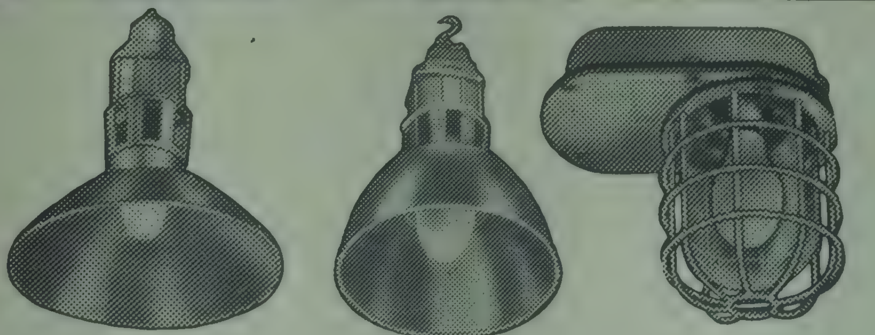

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Value addition will mean greater revenues

for Leather Exports (CLE). Product exporters contend that "a substantial portion of this material finds its way to countries like Taiwan, South Korea and Italy where value addition takes place. The products manufactured from Indian finished leather compete with Indian leather products exported overseas," they maintain.

The finished leather segment, on its part, has been complaining of lack of incentives for growth. In April 1987 the government withdrew all cash incentives, including cash compensatory support, air subsidies, etc, in order to reduce export of finished leather. Finished leather manufacturers perceived this as a drastic measure. "A market for finished leather continues to exist. Withdrawal of incentives is not a step in the right direction, since incentives are necessary to remain competitive in the international market," explains R. Krishnan Kutty, managing director, Gordon Woodroffe Limited.

Forced shifts. It is not likely that the government will lend a sympathetic ear to such pleas, especially since its approach has always been forcing shifts in the leather industry, primarily through the withdrawal of incentives. This was done as early as 1972, when the Seetharamiah Committee report sought to transform the industry by introducing the value added concept. The committee suggested that over a period of 8 to 10 years, the export of EI and chrome tanned leather should be gradually reduced to a level of 25 per cent of the exports in 1971-72, and the leather remaining in the country should be exported in the finished form. Subsequent changes in policy forced a shift towards the manufacture of goods and products from leather.

The root of the problem however lies in the realisation of a remunerative price for finished leathers sold to product manufacturers. Domestic raw material prices have witnessed a steep increase over the last year. "The prices of some categories of raw hides and skins has risen so high that these may soon touch international levels," comments a trade journal.

With domestic prices reigning high, product manufacturers have called for stricter tabs to be placed on finished leather exports. These include an export duty on finished leather and the fixation of a floor price for the export of finished leather. Finished leather manufacturers maintain that "if India's production of finished leather were to be marketed locally the existing infrastructure would not absorb it. It is only by the next plan period that such capacity can be built up." Besides, this would force the finished leather segment to adjust to massive readjustments within a short time span. Price factor apart, finished leather manufacturers would prefer finished leather exports to be tapered off gradually within the next plan period. Despite the protests, the current withdrawal of incentives will lead to an ultimate fall in finished leather exports, so more drastic measures seem unnecessary at this point in time.

Developing export markets. The shift in emphasis to leather product manufacture and exports, has necessitated drastic changes in the industry's approach to marketing. There is a need to plan ahead and to concentrate on developing markets wherein the demand will grow at a more or less consistent pace.

As a case in point, leather garment exports witnessed a dramatic rate of growth from Rs 167.22 crores in 1985-86 to Rs 622.67 crores in 1986-87, an increase of 272.37 per cent. "Unfortunately, exporters concentrated on supplying leather garments to West Germany and this market is now saturated. So leather garments may not witness the same jump this year," observes Hashim. He now plans to take a team to the US in order to assess the potential for leather garment exports to that country. The emphasis should not be on a one time supply basis, but on developing a market wherein the demand will remain constant. "The time has come for exporters to create full fledged marketing wings in their organisations for constantly reviewing the changing situation in potential markets," adds Hashim.

The emphasis on leather product export is also causing a shift in the marketing thrust overseas; it is now becoming consumer oriented rather than buyer oriented. Says Hashim, "Earlier Indian exporters participated in fairs and concentrated on meeting the needs of their buyers. But now, sending export promotion teams alone will not suffice. There is a need to make the consumer aware that India is producing these products." The CLE plans to reach the consumer by holding an "India Week in West Germany and the US by taking up a portion of departmental stores in which India's wares can be exhibited." This is because the actual buyers (consumers) of products do not visit the specialised fairs in which Indian exporters participate.

Organised effort. The government has been approached by assistance in holding these exhibitions overseas since this has to be done through Indian missions abroad, which will co-ordinate the effort. A detailed assessment of the expenditure involved is being worked out. The CLE has also produced specimen copies of a detailed brochure called *Finesse* to be printed periodically. This, according to the council will "be mailed directly to consumers overseas". With the development of direct contact with consumers, exporters hope to do away with the intermediaries of bulk buyers who have been importing and marketing Indian products, thereby improving the price realisation for Indian products overseas.

Direct selling alone will not solve all problems. "We are not able to market our own design in Europe or the US market," observes a leading exporter. The CLRI has acquired a CAD facility, but it will take time before the industry acquires the requisite designing capacity and is able to push through sales of local brand names. Besides, there should be more production facilities in order to capitalise on incoming orders. An investment of Rs 1 crore is necessary to create a production facility for 1,000 pairs of shoes. Almost 10 such units have come into being already, but there is room for more.

DHARANI K. PANI

Balance of trade

Large import bill causes concern

The union government is reportedly contemplating significant changes in the existing import policy, designed to dilute the pro-rich image of the government created by the recent liberalisation of imports. Thus some restrictions in importing non-essential items are in the offing, especially in consumer electronic goods, with the intention of curbing middle-class consumerism.

It is an opportune time to do some stock taking. Since 1985, the liberalisation of imports has been central to the import-export policy. How effective has it been? While exports during 1986-87 were of the order of Rs 12,550 crores worth, total imports amounted to Rs 20,062.57 crores, leading to a deficit of Rs 7,512.57 crores by the end of the year. During 1986-87, as compared with 1985-86, bulk imports (fertilisers, edible oils, non-ferrous metals, iron and steel and petroleum) as a whole showed a decline of Rs 2,913.24 crores. The major decline was in petroleum and petroleum product imports, which fell by Rs 2,265.44 crores worth. Simiarly, imports of fertilisers declined by Rs 379.77 crores worth, those of sugar by Rs 226.76 crores, non-ferrous metals by Rs 52.44 crores, and cereals and cereal preparations by Rs 40.51 crores.

Significant increase. As against this, there was a significant increase in iron and steel imports, which went up by Rs 235.06 crores. The imports of precious and semi-precious stones increased by Rs 393.62 crores worth, continuing the trend witnessed during 1985-86. Machinery imports also went up by Rs 1,791.65 crores worth during 1986-87. Area-wise, India's imports from Western Europe increased by Rs 1,862.50 crores over 1985-86, whereas during the same period, India's imports from Asia and Oceania declined by Rs 695.50 crores, from Eastern Europe by Rs 631.56 crores and from the US by Rs 324.61 crores. On the other hand, some major countries increased their import of Indian goods — Japan by Rs 777 crores, the Federal Republic of Germany by Rs 402 crores, the UK by Rs 384 crores, Sweden by Rs 214 crores, Switzerland by Rs 207 crores and Italy by Rs 172 crores. As against this, the countries where India's imports declined in 1986-87 are Iran (by Rs 793 crores), the USSR (by Rs 585 crores), the UAE (by Rs 286 crores) and Saudi Arabia (by Rs 111 crores).

In India, the adverse conditions affecting the balance of payments can be expected to persist into the nineties. While the debt service on past borrowings is expected to increase significantly in the years ahead, remittances from expatriate Indians may not be as buoyant as they have lately been. Surely, the key to a viable balance of payments is the strong and sustained growth of exports, of both goods and services, and efficient import substitution.

Imports galore. There have been complaints from industry, both in the public and the private sector, that the indiscriminate imports of various items, particularly capital equipment, has worsened the situation and hurt the domestic industry as well. Liberalising quantitative restrictions on imports has gone hand in hand with reducing import duties in several cases. It is not clear yet what the right level of protection for Indian industry is, how important import liberalisation is and whether pushing industry to adopt the latest technology and acquire a strong competitive capability is useful.

Thrown in. Though Indian business is expected to plunge into the world of aggressive international competition, it just does not have the freedom necessary to derive the full benefits of competition at home. Halting or incomplete liberalisation is worse than no liberalisation. In fact, measures to support the modernisation and diversification of domestic industry should have been given preference over import liberalisation which exposes domestic industry to import competition.

There is, therefore, a strong case for an integrated package of fiscal, import and trade policies to ensure a reasonable measure of protection to indigenous industry until it is in a position to withstand international competition. Such protection should be through tariffs and not through import quotas. As a logical corollary to the recent policy of broadbanding, it is necessary to delicense industry to allow units to achieve economies of scale.

The government seems to think that the current trade gap is manageable as it is within safe limits. This is evident in the argument that India's debt servicing liability was only around 11 per cent of its export earnings while the safe limit was up to 20 per cent. Even after borrowing only $3.9 billion of that amount, the debt servicing figures are now close to 19 per cent.

Liberalisation has been quite significant for the imports of capital goods. Capital goods are generally made on order and according to specifications. With easier imports Indian manufacturers are tempted to make purchases abroad and local capacity remains unutilised. In this situation the domestic capital goods sector is not very enthusiastic about upgrading technology. Already there has been a faster rise in the prices of capital goods compared with all other goods and services, and liberalisation has not helped reverse the trend.

Stemming the flow. The high powered committee headed by Mantosh Sondhi on the import of capital goods has now recommended a number of measures to revamp import clearance so as to minimise the foreign exchange outgo and protect the indigenous capital goods manufacturing industry. One important recommendation is that manufacturers consider importing second hand equipment (up to seven years old) only when the import of the equipment is allowed under OGL or when, although the equipment is not under OGL, it is not manufactured within the country. The Sondhi Committee has also suggested that when foreign collaboration is proposed, applicants must specify the indigenous content. There should be full justification for the import, especially if the outgo of foreign exchange is Rs 2 crores and above, for capital goods.

There is reason to believe that the import liberalisation measures have not been backed by the right kind of policy. Several industries have been discriminated against — particularly engineering (also machine tools), electronics and chemicals. The policy of liberalisation to acquire the necessary competitiveness is all right if it is backed by a proper industrial growth strategy so that adequate resources are invested to expand the industrial base of the country. Also, the import of technology *per se* is not a sufficient condition for the technological advancement of a nation.

NAVIN CHANDRA JOSHI

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- 88% of houses for economically weaker sections (EWS) and LIG.
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- Cooking facilities like smokeless chullahs and solar cookers an integral part of low-cost housing.
- Use of viable locally available material, to keep costs low.
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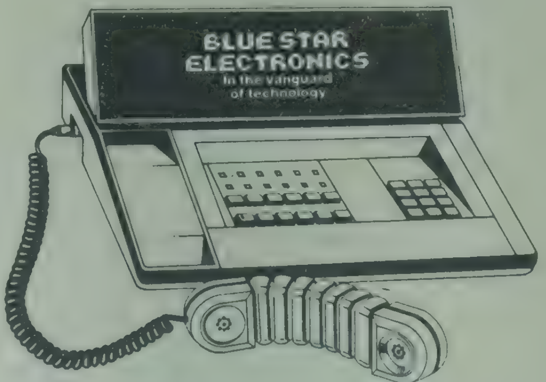

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Economic Indices

Foreign trade

Provisional data on India's foreign trade shows that the trade balance has dropped sharply to Rs 848 crores during April-May 1987 from Rs 1,057 crores in the corresponding period of the previous year. During the period exports have gone up by Rs 549 crores (28.8 per cent) to Rs 2,458 crores and imports by Rs 340 crores (11.5 per cent) to Rs 3,306 crores.

Power availability

Power generation during the first quarter of 1987-88 (April-June) totalled 48,126 million units, an increase of 8.3 per cent over the corresponding period of previous year.

Prices

During the week ended 18 July 1987 the wholesale price index stood at 399.1, marking a 1.6 per cent increase over the previous month, and a 5.6 per cent increase over the corresponding period of the previous year.

Over the latter period, price increases were registered by fibres (54 per cent), edible oils (34.8 per cent), oil seeds (29.5 per cent), tobacco manufactures (8.5 per cent) and cotton textiles (7.9 per cent). Declines were registered by petroleum, crude and natural gas (38.4 per cent), and sugar, khandsari and gur (6.9 per cent).

Money supply

During the fortnight ended 17 July 1987 M3 (which includes currency with the public plus demand and time deposits with the banks plus other deposits with the RBI) increased by Rs 232 crores (0.16 per cent) to Rs 1,46,919 crores.

Finance and banking

Public finance: During the week ended 24 July 1987, the amount of outstanding treasury bills decreased by Rs 286 crores (1.15 per cent) to Rs 24,498 crores,

Scheduled commercial banks: During the fortnight ended 31 July 1987, aggregate deposits increased by Rs 244 crores (0.22 per cent) to Rs 1,07,519 crores. Bank credit increased by Rs 37 crores (0.05 per cent) to Rs 64,360 crores.

During the fortnight ended 17 July 1987, net bank credit (RBI and other banks) increased by Rs 260 crores (0.33 per cent) to Rs 78,100 crores. Bank credit to the commercial sector increased by Rs 350 crores (0.37 per cent) to Rs 94,502 crores.

Interest Rates

During the week ended 31 July 1987, the following interest rates prevailed — IDBI: 14 per cent; NABARD: 6.5 per cent; Exim Bank: (suppliers credit): 8.5 per cent.

Bullion prices

The price of standard gold per 10 grammes increased by Rs 25 to close the week ended 7 August 1987 at Rs 2,900. The price of silver (per kg) increased by Rs 51 to close the week at Rs 5,076.

Here a shuffle....

An inordinate amount of time and effort are expended before every cabinet reshuffle. The air of expectancy surrounding Rajiv Gandhi's several shuffles (some counts place the number so far at eight) has not been dampened by the frequency with which the suffle option has been exercised. Neither has the time lost in speculation been reduced.

Once again the capital is rife with talk of a major overhauling of Rajiv's team. The primary reason why a postponed monsoon session shuffle makes political sense is that by winter, when parliament convenes again, a lot of the disappointment and the hurt of those either dropped or those hopeful but not included, will have simmered down. While most people had predicted that the last reshuffle was the one that was for keeps, the series of political crises and resignations during the last few months has changed all this. With eight ministers having resigned from the Rajiv cabinet so far, the number of slots that Gandhi has to fill is fairly large. By all indications, given Rajiv's need to drop some ministers and yet allocate work that needs to be done, a serious scramble seems to be on to unearth fresh talent — apparently a task that is not just tough but also sensitive.

Suddenly the caste considerations — dormant till recently in Rajiv's government — have come to the fore. Brahmins who seem on the ascendant are vying to grab the choice portfolios and a conscious drive to get balancing Rajputs is on. Sardars have to be found to garnish the port pouri, as also the token Muslim and the odd Southerner, the technocrat, the scheduled castes and of course women. Gandhi's well wishers are now worried that, in trying to keep these requirements in mind, considerations of efficiency and enthusiasm may be forgotten.

Though it may be overlooked, there is no doubt that the lack of enthusiasm in the current cabinet was more than obvious to any observer during the current session of parliament. Even in those euphoric moments of the President's election and certainly in those dark Bofors-ridden hours, most ministers displayed a disturbing detachment that verged on indifference. Whether Gandhi will be able to gather round him, for this run-up to the next election, a committed and balanced bunch of performers, is the question that the reshuffle must answer. And on that, say pundits, depends a great deal of the future.

While speculation abounds on the new names and the final positions of tired faces that will be shuffled around, the most heartening news so far is that the PM may choose to have two ministers of state without portfolios to assist him in day to day political management. This option, an advanced version of the brief experiment with parliamentary secretaries, is likely to provide Rajiv with inputs he sorely lacks today. Who will man these posts is of course still uncertain. Changes in the ministerial ranks usually result in some changes in the line-up of secretaries. While the current cabinet secretary has been attempting to ensure some welcome insulation from such repercussions, the grapevine in New Delhi is abuzz with news of a secretarial reshuffle.

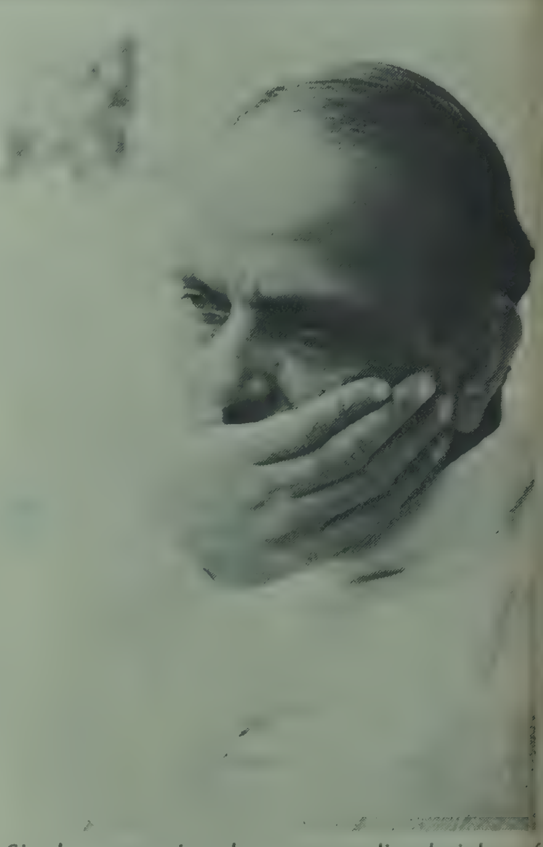
One such change may be in the industry ministry, where reportedly Otima Bordia's rapport with the captains of Indian industry is not what it should be. Another move that has been aired before is of a change at the top in the commerce ministry. The favourites in the sweepstakes for this post include superb go-getters who are expected to give exports a chance to get going. Other changes that are likely are reallocation of portfolios between secretaries in the department of electronics and telecommunications and the top slot at the electronics commission. While allegations of financial impropriety dog one of them, the dogfight that has emerged between the other two is apparently perceived to be causing serious damage to the imperatives of policy in this vital sector.

The pink blender

Though this sounds disgustingly like crowing, this magazine had forecast several months ago that a "leftward" tilt in the government of the baba-log was on its way. But nobody could have quite foreseen the vehemence with which so-called leftist ways are being espoused by the current regime. It has the overplayed zeal that marks recent converts to any faith.

Expectedly, the rhetoric that Rajiv sought to mouth and lend tacit support to at the Socialist Forum meeting ot the Congress last week sits rather uncomfortably on him. Indeed, quite noticeably, Rajiv Gandhi's own speech at the revived forum's first meeting hardly tackled the issues of socialism in the framework of his own economic policies. In an indication of clear discomfort with socialist practice (and of course socialist rhetoric), Gandhi made much of the need to change ideologies to suit the times, quoting the Soviet example, and then confined himself to asking the party faithful to fight poverty.

The immediate provocation for this twinge of pink is of course the fact that V. P. Singh has claimed the leftists as his natural allies. The Rajiv Gandhi camp is clearly worried that V. P. Singh is swiftly occupying most of the commanding heights of acceptable ideology.



Singh: occupying the commanding heights of acceptable ideology

Having lost, due to the late rains, the opportunity of making at least political capital by a governmental assault on drought, Gandhi's playing of the leftist card has not impressed too many of the disenchanted flock. To make things worse, till-recent allies like the communist parties, which were pivotal in the presidential election, now seem to have abandoned the Congress (I) in its latest attempt to repaint its weary visage.

But even such cosmetic changes were subjected to instant derision by V. P. Singh who, touched to the quick, responded to the socialist forum's attack on him by stating that his economic policies were after all primarily the prime minister's. While this ideological slogging match went on on centre court, the only visible indication of any action to back the brave leftist words was a puny tax on hotel expenditure, a favourite for any left leaning novice.

What worries New Delhi's economy watchers is that if Gandhi tries to attempt being more socialist than he is naturally inclined to be, the mishmash of policy pointers that will emerge may take its toll of the investment climate, of economic advisors and top managers, but provide little pop at the polls when all is said and done.

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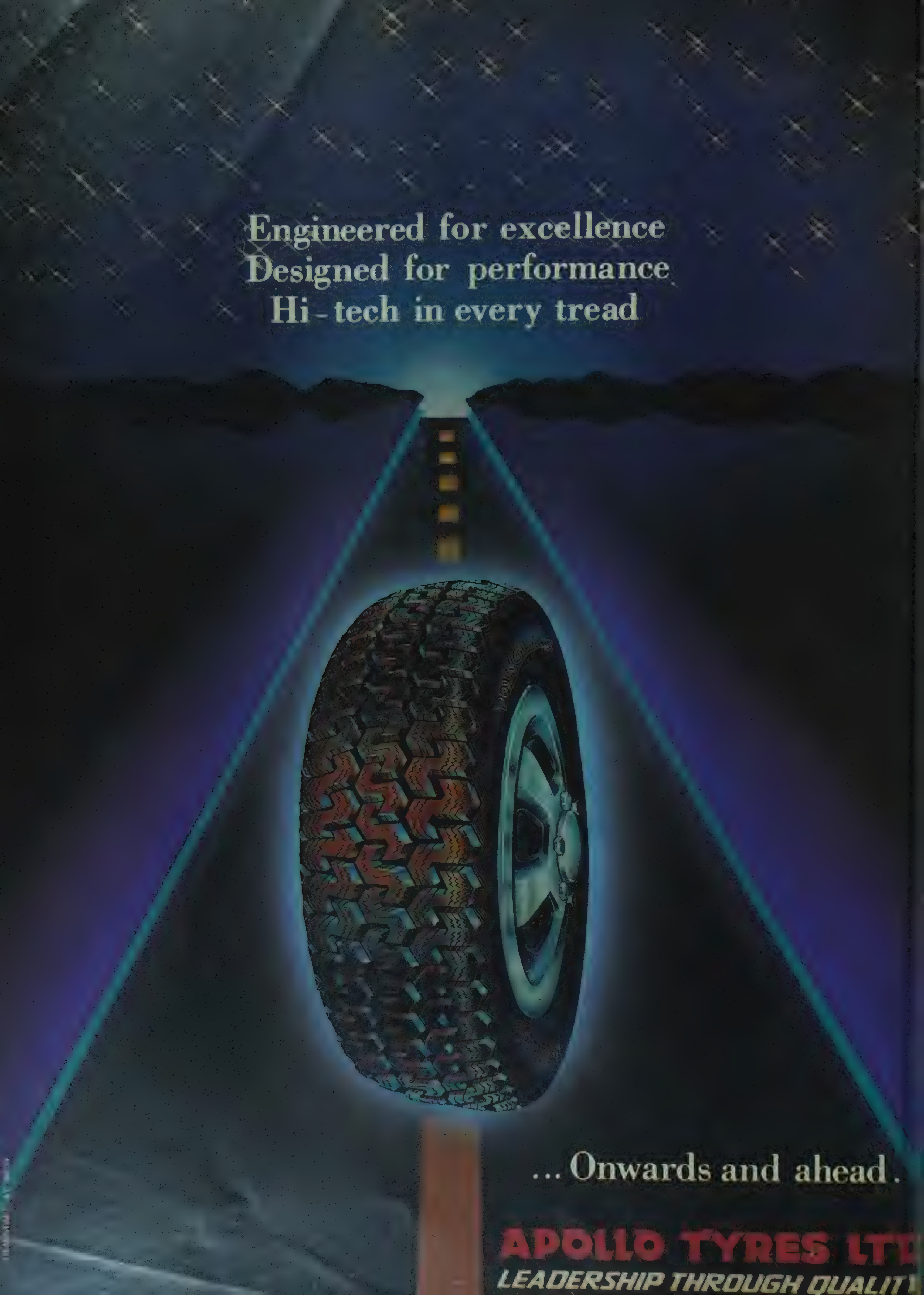
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MADRAS WATER SUPPLY

On the brink of disaster

The Madras water situation is grim. And what makes it particularly tragic is the fact that it is man made. Successive administrations have blamed the periodic monsoon failures for the water crisis. As the drought is almost invariably followed by floods, the government and the public promptly forget the problems. However, a situation has been reached now where unless some short term, medium term and long term solutions are taken up on a war footing, the city may well plunge into further disaster.

Under normal circumstances, the city gets 52 million gallons per day (MGD). At the moment, it get 36 to 40 MGD every alternate day from ground sources. Per capita availability of water in Madras is around 60 litres, compared to 120 in Bangalore, 125 in Bombay, 200 in Calcutta and 220 in Delhi.

Madras city got its first systematic water supply in the year 1866 when an anicut was built across the Courtalayar river. This river, which gets water during the North East monsoon, feeds three interconnected surface reservoirs — at Cholavaram, Red Hills and Poondi. From these reservoirs, water is drawn to the Kilpauk water works in Madras. This scheme, when established, was meant for a population of 470,000.

Till 1940 no other project was undertaken to augment the city water supply. In 1941, thanks to the foresight of the congressman S. Satyamurthy (who was the mayor of Madras), the Poondi scheme, which was built last among the three reservoirs, became functional. With this scheme, Madras' water supply could cater to the needs of about 900,000 people. After 1940 no other project has been launched to look after the needs of a growing population. Today Madras has a population of about 4,600,000. And the reservoirs are bone dry.

How, then, is Madras getting any water at all, given that it has no access to any perennial rivers? The answer is that the city is now totally dependant on ground water. The state government's single achievement has been to double the ground water supply.

But this source too is being depleted at a dangerous rate. In North Madras, water is being pumped from three wells at Minjur, Panchetty and Tamarappakkam. According to a UNDP estimate in 1968-70 the yield from these sources is about 27.50 MGD. Already a 5 MGD source at Minjur has been abandoned because of salt water intrusion. It is a question of balance. In coastal areas, ground water floats as a thin layer on the salt water beneath. Rainfall replenishes the water table and keeps the salt water at bay. But massive withdrawals of water lead to a steep drop in the water table and the sea water intrudes, ruining the fresh water above.

These wells have an ultimate capacity of about 22 MGD. The safe drawal limit is about half of this. Till the present crisis, 11 MGD used to be pumped out to meet the requirements of the industries situated in North Madras. The current drought has made the authorities throw caution to the winds and the rate of extraction has been stepped up to the full capacity of 22 MGD. This is now being directed to the city for domestic use.

Another UNDP study in 1985 indicated that a further 12 MGD would be available from these sources if certain measures were taken to recharge the underground aquifers with surface and river water that would normally have flowed into the sea. The World Bank has

While governments dither: the endless wait for water

Telugu Ganga

Bringing drinking water to Madras from the perennial river Krishna in AP is not a new idea. It was thought of as early as 1944 and was revived in 1953. Nothing happened because of interstate wranglings. After the DMK government was dismissed in 1976, prime minister Indira Gandhi promised 15 tmc ft (roughly 250 mgd) of Krishna water to Madras. About six years later, after Telugu Desam and NTR came to power in AP by trouncing the Congress (I), an agreement was reached between NTR and MGR whereby AP agreed to divert water from Krishna to Madras. The chief ministers of Karnataka and Maharashtra also agreed to spare 5 tmc ft from their states. At a glittering function in May 1985, on the sands of the Madras beach, and in the presence of Indira Gandhi and the four chief ministers of Tamil Nadu, Andhra Pradesh, Karnataka and Maharahstra, the Telugu Ganga Project (TGP) was launched.

The project involves letting out about 15 tmc ft of water from the Srisailam dam in Andhra Pradesh to Madras through a proposed 480 km long canal. The total project cost was estimated at Rs 760 crores in 1983. It was to be shared by both Andhra and Tamil Nadu in the proportion to the benefits accruing to the two states. In 1983 Tamil Nadu's share in the cost of the project falling within Andhra was estimated at Rs 200 crores. In addition Tamil Nadu was to spend Rs 236 crores on laying a 25 km canal from the Andhra border to the Poondi reservoir. Money also had to be spent on increasing the storage capacity of the existing city reservoir and also on improving the water distribution system.

Tamil Nadu was supposed to give Rs 60 crores every year in two half yearly instalments for three years to Andhra. The first instalment of Rs 30 crores was duly handed over to AP. Although Andhra started work on the project, it did not utilise the entire amount received from Tamil Nadu. In fact it barely spent Rs one crore. But it approached Tamil Nadu for the next instalment. Tamil Nadu started paying in smaller instalments. Andhra apparently wants to spend its part of the money in the Seventh Plan period. In the last three years the project cost has shot up to about Rs 1,000 crores. Last year, when the officials of the two states met to redraw the schedule of payments, the talks ended in a stalemate. It is left to the chief ministers NTR and MGR to work out the modalities of payment. The two are yet to meet.

In the meanwhile Karnataka chief minister, Ramakrishna Hegde is putting a spoke in the TGP wheel by being reluctant to release Karnataka's share of the Krishna water. While agreeing to spare 5 tmc ft from Krishna, AP linked it up with the irrigation of 300,000 acres of dry lands in the Nellore, Cuddapah and Chittoor districts. This was stated in 1983 itself when Hegde attended the function in Madras. He has however done a *volte face* and is claiming that he was ignorant of the irrigation content of the scheme. He has declared that the TGP is a clear violation of the Bachawat award which spells out the sharing of the Krishna waters.

AP and Karnataka have been arguing back and forth on the this subject. However sources in Tamil Nadu (who do not wish to be quoted) say that it all boils down to funds. According to them, Hegde can cry hoarse about the violation of the Bachawat award. If Andhra did not have resource constraints it wouls still go ahead with the project. However AP does not have the sense of urgency which Tamil Nadu feels because AP has launched so many irrigation schemes, and TGP is only one of the many. A little less lethargy on the part of Tamil Nadu and a little more political will from the centre would make things move. TGP is after all described by many as the only final and fairly lasting solution for the water starved Madras.

S.R.

sanctioned Rs 150 crores for this project. According to newspaper reports, because of the present crisis a decision has been taken to extract this water without taking measures to recharge the aquifers. There is therefore a real danger of these wells becoming useless.

South Madras also faces a similar problem. According to the Kalakshetra Colony Welfare Association (KCWA), a South Madras based citizens group, there is constant overdrawal of water and the water table has declined sharply from about 10 feet just three years ago to about 21 feet today. The water quality too has also declined noticeably. The KCWA, on its own initiative, analysed water from three wells in a coastal village near South Madras, and proved that the water with its high sodium and chloride content was totally unfit for drinking purposes. Till just a few years ago the water here was fresh.

However, the Madras Metropolitan Water Supply and Sewerage Board (popularly known as Metrowater) has recently increased water extraction from this area. The South Madras aquifers are also being exploited by private operators carrying on a flourishing water trade. Metrowater has not paid any attention to the citizens' genuine fears because it is relying on a 1969 UNDP study of the water potential of South Madras. According to this report the safe drawal limit in South Madras is 3 MGD.

This study, which is obviously outdated now, could not have taken into account the fact that there was a sharp decline of the water table. Also the annual rainfall required to recharge 3 MGD is about 150 cm, while in reality the average annual rainfall has been only 80 to 90 cms.

Equally damaging is the fact that vast water holding areas like ponds, fields, and casuarina groves have been reclaimed for urban development and therefore recharge of aquifers cannot be taking place to the extent assumed

Water supply from borewells: short term solution at best

18 years ago. Metrowater has not bothered to review the assumptions and methodology of the 18 year old UNDP study. This report is not available for circulation as the authorities claim it is confidential.

The ground water depletion in South Madras is also being aggravated by the mindless sanctioning of large multi-storey complexes. In these complexes water is extracted at source by using high-power pumps. When extraction from a point source takes place at a very high rate, sea water intrudes into the fresh water layer in the shape of a cone — which means infiltration takes place not only at the point of extraction but in the adjoining areas also.

All this adds up to an obvious conclusion: at best, ground water sources can only serve as temporary measure to augment supplies from the city's main water supply scheme; they cannot solve the problem.

The only real attempt to increase the city water supply after 1940 was the Veeranam project which was conceived by the DMK government in 1961. The plan involved bringing 40 MGD water from Veeranam lake in the South Arcot district to Madras. The Veeranam lake is one of the largest irrigation tanks in the state and the Cauveri river is the ultimate source of supply to this lake. This scheme was apparently one of the best schemes from an engineering point of view, when it was conceived in 1961. Unfortunately it came to be identified with the corruption and mismanagement of the DMK government and died a slow death (see *BI* dated May 23-June 6, 1983). When MGR came to power in 1977 he scrapped the scheme.

Even today many people feel that the Veeranam, scheme should be revived. But what they do not realise is that Cauvery water is no longer available for the scheme. The river has been the mainstay of Tamil Nadu for centuries. In 1924 there was an agreement between the erstwhile states of Madras and Mysore on the sharing of Cauvery waters. The agreement made it obligatory for Karnataka to release a certain agreed amount of water to Tamil Nadu, irrespective of its own storage position. Other clauses of the agreement also clearly stated that the Mysore government should not build any new irrigation reservoirs, and, if this became necessary, prior consent of the Tamil Nadu government had to be obtained.

In a 'unilateral abrogation' of the 1924 agreement (which was to be reviewed in 1974) Karnataka went ahead in 1974 to build the Kabini and Hemavati dams. Neither prior consent of the Tamil Nadu government was obtained nor was the Planning Commission's permission sought. Due to this, Veeranam lake has been deprived of all water. All the fertile villages in this area have become drylands. This has become a bitter bone of contention between the two states.

The next step taken by the government was to launch the grand Telegu Ganga Project (TGP) during the previous water famine of 1983. The project visualises bringing Krishna waters from Andhra Pradesh to Madras. Again, due to bickering between the A.P. and Karnataka, the project is at a standstill at the moment (see Box).

Dependance on neighbouring states to solve the water crisis is leading Madras nowhere. According to R. K. Murthy, retired chief engineer of Neyveli Lignite Corporation and a much respected hydrologist, two schemes conceived by him have been pending with the Tamil Nadu government since 1980-81. These two schemes involve the Pulicat Lake and the Oggian Mudugu Lake situated in Tamil Nadu. The cost of implementing these schemes would be far lower than the TGP. And as far as one can gather there are no other proposals to tap sources within the state except the exploitation of ground water.

The Pulicat Lake is the second biggest backwater lake in the eastern coast (the biggest is Chilka Lake in Orissa). The lake has a total spread of 178 sq miles holding 62 tmc ft (thousand million cubic feet) of water. The deeper portion, about one third of the total area, lies in Tamil Nadu, and two thirds of the area which is quite shallow, in Andhra Pradesh. It is fed by three rivers, Arniar, Kalangi and Swarnamukhi. These rivers together discharge a minimum of 30 tmc ft to a maximum of 90 tmc ft into the sea every year during monsoon floods giving an average yield of 60 tmc ft. Also the Buckingham canal (which begins in Vijayawada in AP), passes through the lake. The catchment area of Pulicat Lake is about 1,692 sq miles and the annual rainfall here is about 40 inches. Pulicat Lake lies more or less in the centre of the cyclonic belt and receives heavy rainfall in short spurts.

Murthy suggests that this lake would be used to store the flood water after isolating it from the sea with which the lake has a connection of barely 100 metres. A bund, two to

he dried out Red Hills reservoir

three metres in height and two kilometres in length would be sufficient to keep out the sea water and keep in the rain water. After construction of the bund, siphons could also be provided initially to flush out salinity in the lake and to take care of unusual floods.

According to Murthy, the 62 tmc ft of water of the lake holds a potential of a little over 1,000 MGD. Even if 67 per cent of the water is allowed to AP (since two thirds of the lake lies there) and 33 per cent of the water is retained in Tamil Nadu, it is still possible to get 300 to 350 MGD. Murthy does not think that the entire scheme would cost more than Rs 40 crores or take more than four years to complete.

The second proposal put forward by Murthy involves the Oggian Mudugu lake in South Madras. This is a coastal fresh water lake about 8 miles long and 1.8 miles wide (at the widest point). This lake is totally landlocked except for its connection with Buckingham Canal. The lake water is contaminated by sea water entering through the canal. When heavy rains occur the major portion of the inflow is drained into the sea through the canal. However, Murthy is convinced that Mudugu lake does hold a lot of potential.

The sea water intrusion into Oggian Mudugu occurs only due to the seawater overflowing the banks of the Buckingham Canal which are practically non-existent at this stretch. The canal here overflows its banks on either side even at low tide because of this. Therefore, if an embankment on the western bank of the canal is constructed for a 8 km stretch, then the sea water intrusion into the Mudugu can be totally prevented. The embankment will not cost more than Rs 20 lakhs.

The catchment area of the Mudugu lake has been estimated at 50 sq miles. The annual rainfall in the catchment area is about 45 inches. The inflow to the lake is estimated at around 7,920 million gallons. From the precipitation of 45 inches over the lake, part goes down as evaporation loss and part seepage. The balance quantity come to about 6,000 million gallons and even half of this would come to about 9 to 10 MGD.

Many experts within the state administration believe that the Pulicat lake scheme is quite practical. There are some reservations about the Oggian Mudugu scheme. But so far the state government has not even bothered to seriously study these schemes which costs a fraction of the TGP.

Since these two schemes cannot be executed overnight, some medium term proposals to preserve the rainwater which flows away into the sea have to be considered. A recent study reveals that despite droughts and erratic monsoon, in Madras city alone, a quantity amounting to 60 times the water supply requirements went into the sea for want of holding capacity over the last 20 years — an average of three times the city's annual needs.

Signing of the Telugu Ganga project pact: the smiles before the snarls

The Madras Metropolitan Development Authority (MMDA) has come up with a plan which aims at a 20 per cent (now 15 per cent) increase in surface storage through capacity augmentation. The tanks and the reservoirs in the state have been constructed with their bed sloping from the foreshore towards the bund. The additional capacity can therefore be created by deepening the foreshore also to the sluice level without affecting the gravitational flow of water. This is however, quite an expensive operation. For instance, to deepen one foot of the Red Hills lake would cost almost Rs 250 crores.

It does appear that some attention is now being paid to recycling sewage water. Metrowater has a scheme to treat 33 MGD of sewerage water for supply to industries in North Madras. Then 11 MGD of fresh water now being used by industry can be diverted to Madras city. The scheme has a high capital cost of Rs 30 to 40 crores and it will also have high operations costs and a considerable gestation period. Even so, it is a step in the right direction. "The government is seriously considering this," says a Metrowater official.

The Metrowater chairman also keeps making announcements about putting up desalination plants. But technical people dismiss this idea as highly unviable as Madras has a chronic power problem, and therefore not only the capital costs but also the running costs will be too high.

What measures can be taken in the short term? Various forums have come up with suggestions. Some of them are: controlling the tapping of groundwater along the sea coast; strict licensing of those putting up borewells and insistence on strata logging and screening details; stopping all building construction activity till the monsoon season is over, ie January 1988; total ban on hi-rise and multistorey constructions within city limits till the city water resources are increased to at least 250 MGD instead of the present 40 MGD on alternate days. Desilting and bund raising of all the leading supply channels of lakes, tanks and reservoirs.

But the fact is that some of these measures — like banning construction activities — are not politically feasible. Whether even the feasible schemes will get implemented is equally doubtful. The state government is dithering and does not give the impression that it is prepared to treat the crisis with the seriousness it deserves. It fools itself and the people by announcing ludicrous schemes like bringing water to Madras from Mahanadi in Orissa, distributing plastic pots, and conducting *poojas* to the rain God Varuna.

There is no way out: the state government must undertake a comprehensive water supply scheme, and that too immediately. The time for meaningless grandstanding and desperate improvising is over.

SUSHILA RAVINDRANATH

"HRD in banks, an eyewash"

Tarakeswar Chakravarti is the general secretary of All India Bank Employees Association (AIBEA) which is today the single largest national trade union of bank employees, having in its fold employees of public sector, private sector, foreign banks, co-operative banks, Gramin banks and also Bank Deposit Collectors. With a membership of around 500,000 the AIBEA has been the principal organisation in all bilateral industry level negotiations concerning employees' wages and service conditions, etc.

Chakravarti, who has served as AIBEA nominated director on the board of Central Bank of India from 1972 to 1980, was interviewed by Anil K. Khandelwal, president of the Ahmedabad Chapter of the National HRD Network.

What do you feel about the efforts of some banks to introduce HRD?

One of the principal roles of a union is to champion the cause of the working class and to ensure the development of human beings in the fullest sense of the term in all aspects. Since, conceptually, HRD means creating employee satisfaction and developing their intelligence and competence, bank unions should be all for it. But frankly, I am quite skeptical about the genuiness of such efforts. I am not convinced that management is serious about human resources and utilising their latent potential.

The biggest problem with HRD today is that it lacks credibility. To create that, HRD must start at the top management level. Only a competent and motivated top management can inspire subordinates below to perform better. Yet one can see great wastage of scarce managerial human resources in banks in relation to top management. Often, the top-heavy and hierarchy-bound managements of banks are merely ornamental. The present system of promotion to top management ranks lacks objectivity. I often wonder how one can select top management personnel through an interviewing process which lasts for only few minutes!

In other words, HRD must initially focus on developing top and senior management. But there is little effort in this direction. Whatever little is being done by banks is at junior officers' level, or initiating new systems like performance appraisal or training. These by themselves are not adequate without a top management which has itself experienced the HRD process and is emotionally committed to it. Unfortunately such a commitment is missing or invisible.

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Does this mean that with the present set up of public sector banks there is no scope for introducing HRD?

What I really mean is that institutional leadership is of crucial importance. The present generation of bank employees is in no way less educated or less intelligent than those who are managing them. When the intellectual level is almost same between the manager and the managed, it is the quality of leadership which can inspire the managed. This includes not only attitudes towards subordinates but also honesty, integrity, capacity to explore latent talent, openness, trust and above all, a public sector ethos.

What really pains me is that the credibility of senior management in these respects is quite inadequate. I for one, therefore, feel that intensive initiatives are required to develop a managerial cadre which can inspire confidence in the subordinates. The total character of management — from punctuality to rectitude — has a direct bearing on the subordinates. Without a positive climate of this sort, HRD efforts in any genuine sense are not possible.

What role can unions play in HRD programmes initiated by the banks?

Unions can play a very positive role in HRD programmes. It is however a pity that bank managements have constantly ignored unions and even undermined their role in HRD programmes. Why is it that HRD concepts and programmes are not discussed with us? Managements seem to be more interested in impressing employees with jargon rather than in the development of employees. HRD programmes thus look to me like a cosmetic gimmick. Unions are not even consulted by the government or IBA and there seems to be a systematic move to belittle the role of unions.

Chakravarti: skeptical

There is so much concern about customer service in banks. Do you think unions have a role to play in this respect?

It has become the fashion to blame unions for anything or everything which goes wrong in the banking industry. As a union, we are very committed to good customer service and in our conferences, meetings and individual in-

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teractions with workers we have always emphasised the need for good customer service. Rules regarding customer service are framed by managements; employees have no say in this. Yet, surely it is necessary to take bank employees into confidence, particularly in such a large and geographically dispersed industry. The branch manager is a temporary officer, while the employees working in a branch stay there for a fairly long time. They also have a better knowledge of the local situation. Bank employees today are highly intelligent and educated and are capable of contributing to business development. But business development is made the prerogative of the branch manager alone and no serious effort is made to involve employees in formulating and achieving business targets. Unless they are actuated and properly motivated, prescriptions or actions are not going to help.

The manager by himself cannot deliver the goods unless he takes employees into confidence and is able to develop in them a sense of mission through his own informal leadership style and commitment to the task. What one sees in actual life is that most of the managers allow their egos to dominate, to an extent that a positive climate is not created for involvement of employees at the grass root level. This reinforces my earlier point about the need to develop leadership and decision-making qualities in the senior and top management.

> **It has become the fashion to blame unions for anything and everything which goes wrong in the banking industry. As a union, we are very committed to good customer service and in our conferences, meetings and individual interactions with workers we have always emphasised the need for good customer service**

Most of the banks have started training activities in a big way. Don't you think this is one step in the right direction?
Training is useful in building up competencies. But most of the effort is haphazard. It is not linked to job rotation or career progression. There is a great wastage of training due to misutilisation. The managements' sincerity is not reflected in the training effort and mostly such initiatives are aimed at fulfilment of some targets for public consumption. As I said earlier, much more important is training of top and senior management. Training exposure for them in leadership and decision-making should be compulsory.

Perhaps you are aware that some banks are now experimenting with quality circles to involve employees in the day-to-day working of the branch. It is understood that unions are rather suspicious of even this initiative. Why?
To me this is yet another gimmick. You cannot implement such a concept in isolation. When the total style of management does not match with such initiatives, one is bound to be suspicious. Most bank managements do not have a consistent, coherent personnel policy. An ordinary grievance of the worker is either not responded to or takes years before it gets a response. There is subjectivity in job rotation, placement, transfer and promotions. There is no effort to improve systems continuously. Under these circumstances, the credibility of managements is low and picking up things like QC can never do any good. Employees are intelligent and they can judge the management's *bona fides* and the genuiness of any programme for themselves.

I understand that, as usual, some managements are now branding unions as anti-HRD. If unions do not respond, the managements are to blame. Why don't managements create a climate where unions can trust management? Managements seem to be much too obsessed with business development and employee related issues and unions are seen as obstructions. HRD efforts are half-hearted initiatives without any genuine policy on human resources development. I am of the opinion that fundamental issues must be tackled and we cannot divert the attention of the masses by resorting to gimmickry.

What have unions done to develop employees or the leadership for effective participation within trade unions?
Frankly, I admit we have not done enough. We are too bogged down with routine. Unions have really not been able to build up their cadres. We could not influence the younger generation with their multiple problems and baptise them into the trade union movement. We are concerned about this gap.

How do you see the future of HRD in banks? What steps must be taken for initiating a worthwhile HRD programme?
Conceptually we are not against HRD programmes. In fact, our union philosophy and values aim at constant development of employees, resolution of their grievances, fair play and creating equitability in the organisation.

One consequence of the 'managements' apathy to man management issues has been the shifting of personnel decisions from managements to the ministry of finance. For this too, the managements are to blame. They have never asserted their autonomy and they are too subservient to the authorities. This has complicated union-management relations too. Managements now try to pass the buck, resulting in delays, endless delays in personnel matters. There are no major initiatives by the banks to improve their relationship with unions or employees. The atmosphere is that of mistrust.

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The issue therefore, is one of restoring confidence in top management and creating a positive climate for initiating any worthwhile HRD programmes. I am of the view that initiatives of the management, at least in some banks, can fructify if following steps are taken:

- development of a consistent and coherent personnel policy;
- developing accountability in managers for good personnel management;
- encouraging employee involvement at the grass roots level so that they have a say;
- consultation with unions on vital issues affecting man management and the industry;
- developing effective machinery for prompt decision-making in employee related issues;
- and development of managers — inculcating in them a public sector ethos, a spirit of service, as against the spirit of acquiring promotions and perquisites only.

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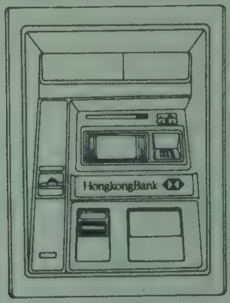

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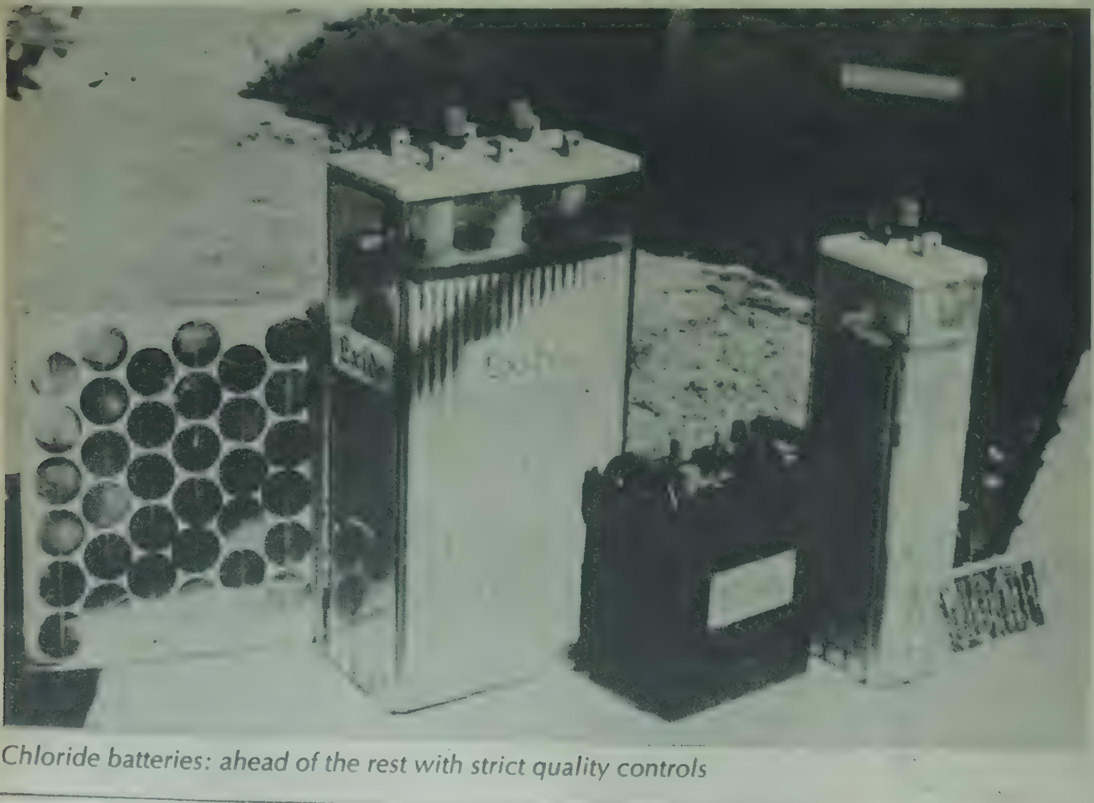
Big deal at Chloride

Chloride India's unequalled track record of product excellence, brand image and financial success in the last 10 years has been ascribed to its chief executive for this period, Jahar Sengupta. But a divestment by its UK parent, which has fallen on bad days, has been expected for some time now. Though some foreign groups were interested, it is predictably one of our Indian businessmen, Sudarshan Kumar Birla, who has picked the plum at a fancy price of Rs 40 crores for what in effect would be a 25 per cent stake. But questions remain about S. K. Birla's sources of funds, and exactly how much he is buying

With the likes of Manu Chhabria and Rama Goenka on the prowl, takeovers of foreign companies have ceased to be sensational news. Thus, the ownership change at Chloride India, the largest storage battery manufacturers in the country, passed without too much media comment, when it was announced about three weeks ago. But some of our corporate pundits seem to have overlooked three or four rather important reasons why the Chloride sale deserves a closer scrutiny.

The first of these reasons is that here is the biggest deal to date — nearly Rs 40 crores being paid for what amounts to a 25 per cent stake in Chloride India. The price tag far exceeds the Rs 27 crores Manu Chhabria paid for Shaw Wallace, and if the figure of Rs 40 crores is used as a yardstick, the capitalised value for Chloride India would be Rs 150 to Rs 160 crores — which is impressive by any standards.

Another important aspect of the transaction is that this is the first purchase of a FERA company by the Birlas. With the family reorganisation currently under way, it may no longer be correct to talk of the Birlas as a monolithic "group", and the one particular Birla who is buying into Chloride is S.K. (Sudarshan). After the current Foreign Exchange Regulation Act came into force in 1974, Chloride is the only foreign company in which any Birla has purchased a substantial stake.



Chloride batteries: ahead of the rest with strict quality controls

Moreover, the structure of the deal is interesting. Chloride UK is divesting only half its 50.7 per cent holding in Chloride India, and that too only indirectly. Briefly, the mechanics are as follows: Chloride Eastern, which is currently a wholly-owned subsidiary of Chloride plc, is being hived off from the parent company, and floated as a separate entity in Singapore. Chloride Eastern will hold Chloride India, Thailand, Malaysia, Singapore and Sri Lanka, but of these companies, Chloride India's valuation is 85 per cent of the total. Chloride plc will then sell 49.99 per cent of Chloride Eastern's shares, with Merrill Lynch managing the offer for sale. These shares are expected to be taken up by S. K. Birla and his friends and associates for a price of £18.2 million, ie, nearly Rs 38 crores.

Some very important questions remain about exactly how much of this 49.99 per cent will be purchased by S. K. Birla, and through what means. Birla himself says that he would be buying only about 10 per cent through his overseas ventures, but a distinctly contrary impression is conveyed when both Birla and Jahar Sengupta, chairman of Chloride India, officially talk of a "strategic alliance" between Chloride plc and the Birlas. The proposed composition of the boards of Chloride India and Chloride Eastern similarly suggests an equal partnership, rather than a small minority stake by S. K. Birla.

Jahar Sengupta, who ran Chloride India for nearly 17 years and was the chief architect of the company's phenomenal success, will be retiring as chairman on 30 September, and Birla will take over in his stead. The board of directors of the Indian company will have an equal number of nominees from the UK company and the Birlas, as would Chloride Eastern. Jahar Sengupta will be appointed chairman of Chloride Eastern, and remain adviser to the Indian company.

Before examining how this "strategic alliance" between the Birlas and Chloride UK might work, and trying to hazard a guess about S. K. Birla's source of funds, it may be worth looking a little closely at Chloride India to see why such a high price is being paid, and why the UK company has made up its mind to sell. Further, a description of S. K. Birla's current businesses may also be called for.

Chloride India is a medium sized company, with its turnover around Rs 90 crores for the year ended 31 August 1986, net worth around Rs 29 crores, and net assets around Rs 33.5 crores. A single product company engaged in the manufacture of storage batteries, the company commands around 50 per cent of the organised sector market, and the organised sector in turn constitutes about 50 per cent of the total market. In the last 10 years, the company has had a unique record of higher profits every single year, and a higher dividend dis-

Birla: unanswerd questions

tribution — the last balance sheet for 1985-86 shows the 10 year peak for pre-tax profits at Rs 15.80 crores, EPS of 72 per cent, and dividends at 39 per cent. An investor, who had purchased 100 Chloride shares in 1974 at the very reasonable price of around Rs 25 to Rs 30, would today have an additional 1,033 bonus shares over and above his original holding, and the value of his investment at the current market price would be about Rs 96,000.

The high prices of Chloride equity are a reflection of market confidence in a tightly run, sound company, which has consistently bettered its performance despite market competition and the inevitable constraints of the Indian business environment in the shape of the MRTP Act, FERA, and licensing regulations. This success may largely be ascribed to the dynamism of the company's chief executive, Jahar Sengupta.

Sengupta took charge of a relatively small company in 1970. At that time, Chloride's main manufacturing installation was at Shamnagar in Calcutta, and a second factory had just been started at Pune. Sales turnover was around Rs 8 to Rs 10 crores. Through the seventies, manufacturing capacities have been increased at Shamnagar to 650,000 numbers per annum, and at Pune to around 400,000.

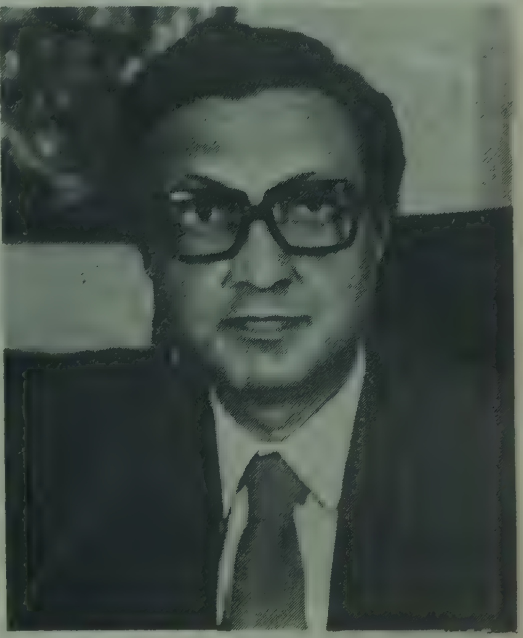
Pune will however very soon see further upgradation to 800,000 (the minimum economic scale recommended by the government) through the installation of balancing equipment. A third export factory was started at Haldia in 1978, and current production levels here are around 200,000 numbers per annum though licensed capacity is three times as much. Furthermore, the company has obtained a letter of intent for a Rs 8 crore new factory at Fatehpur, Uttar Pradesh, where capacity will be 3.6 lakh numbers per annum, and the product will be tailored for defence requirements.

The main point is that despite being classified as a "dominant" company under the MRTP Act, Chloride today has plenty of room to grow. Strong market competition from Amco, Willard, Standard, and UB-MEC in the organised sector (with Nicco Batteries being the latest entrant), as well as the entire, large unorganised sector has not deterred Chloride. The MRTP Commission had actually rejected Chloride's Fatehpur application, even though companies within the purview of the MRTP Act and FERA are allowed to go into backward areas, given that they undertake a substantial minimum export commitment. B. S. Chandiramani, marketing director of Chloride, says that Jahar Sengupta personally presented the company's case before the appellate body, and the soundness of his arguments won the day.

The chief ingredients of Chloride's success have been consistent quality and an excellent distribution system. A. Dasgupta, research director at Chloride, perceptively comments that a lead-acid battery can be made even in a school chemistry laboratory, let alone in a car mechanic's garage, but making a large number of batteries of consistent quality is a difficult art which must be mastered over time, and which requires very strict control systems. Having enjoyed a head start over competitors both in the actual manufacture as well as selling (the company has 1,400 distributors all over the country), Chloride has actually kept ahead of overall market growth which is at around 5 to 6 per cent per annum.

The storage batteries market can broadly be divided into two parts in terms of uses — the automotive (a very dominant 80 per cent) and the industrial (which makes up for the balance). The market for industrial storage batteries is growing at a rate of 12 per cent (which is comparatively higher than the market as a whole, and this is a sector in which some of Chloride's competitors like Amco and Standard have substantial market shares. Again, in exports, which constitute a significant 20 to 25 per cent of the organised sector's output, Amco is well ahead of Chloride. But it is clear that management at Chloride regard industrial battery manufacture as well as the export market as significant growth areas, and are gearing up for a thrust.

Exports from India are almost exclusively to the USSR, and the Russians buy batteries in India not because these are particularly cheap, but because they can pay in Indian rupees for lead which can later be re-used. Currently, lead is almost entirely imported from Australia, and constitutes a very high proportion of manufacturing costs. In 1985-86, Chloride India had to foot a bill of over Rs 20 crores for pure lead and antimonial lead, against total sales of Rs 89 crores. Import of the metal of course attracts a very high duty of 125 per cent, and this levy is allowed as a drawback (together with other domestic duties) in the case of export.



Sengupta: a hard act to follow

For industrial or non-automotive batteries manufacture, the Chloride top brass are very pleased about being awarded a new government order for submarine batteries. The company had faced determined competition from Standard which is already making such batteries. But for the new HDW submarines which are now being acquired by the Indian Navy, Chloride has already landed a first contract, and hopes for repeat orders. "We obtained a great deal of help from the UK company," says Dasgupta. "We shall make one battery a year at Haldia, but that will be worth Rs 5 crores." Chloride's decision to put up the new Fatehpur factory, over and above Haldia, may be seen as evidence of determination to maximise export and industrial markets.

The mainstay of Chloride India's business, — the bread and butter as well as the jam — is of course the automotive sector. With the advent of Maruti and the many two-wheeler manufacturers, this sector has seen a spurt in growth over the last three or four years. Moreover, since old vehicles are hardly ever phased out in India (unlike in the West), the growth of the total number of vehicles on the road is hardly unsatisfactory from the storage battery manufacturers' point of view, whatever the headaches for our urban planners. And the car, truck, bus or two-wheeler battery, being an essential part of any vehicle in running condition, a continuous \market growth is guaranteed for the foreseeable future.

Chloride commands about 60 per cent of the original equipment market, and though the large volumes in this segment dictate that

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THE ECONOMIC TIMES

BOMBAY MONDAY APRIL 20 1987

Power cut in A.P. too

An adequate availability of ly for political reasons, has power has been the key factor now been forced to accept the in attracting a variety of new reality of the situation. It has industries to Andhra Pradesh been estimated that the 60 per in recent years. There has been cent cut will affect about 200 a dramatic change this year HT industries and the 15 per with the state finding itself in cent cut nearly 2,800 industrial the throes of a crisis nece consumers. The worst hit are ting an informal power large number of cement ging from 40 to 60 p have no captive complacency surplus in

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margins are low, the company obtains a head start in terms of image and consumer consciousness when the first battery has to be replaced. The Maruti battery, which was developed recently under strict Japanese specifications, has been a major cause for satisfaction at Chloride. "That is because we successfully managed to adapt the polypropylene container battery to Indian conditions," says Dasgupta, the R&D chief. "Our effort was to make sure that the pp container would withstand as much rough use as the conventional hard rubber container. Here we drew upon our previous experience, when we had unsuccessfully launched pp batteries some years ago. This time, we just could not afford to fail, and we are very happy with the results."

Similarly, for Japanese-type motorcycle batteries, the company is gearing up for a grand launch over the next few weeks from the Pune factory, and the plans are to turn out 3 lakh batteries per year. "We took our time because we wanted to be sure," says Chandiramani. "Of course, we have been manufacturing motorcycle batteries at Shamnagar for many years now, but the new batteries will be an advance in design. We are today confident both about the quality and the durability of the new product."

Chandiramani and his team seem to be alive to the greater competitive pressures in the automotive batteries market, but are confident that the quality of the Chloride product and its long standing market presence would give the company the vital edge. So far, the company has always been production-constrained — demand has always exceeded actual output, and the company's inventory levels of finished batteries have always been low. Now, with a definite slowdown of the economy (in fact, with the current drought conditions, there is a virtual collapse of demand from the agricultural sector, ie, batteries for tractors), easy selling may become, for a little while at least, a thing of the past.

Bose: guarding against a vacuum

Another cause for worry is the skyrocketing price of lead. Between 1982 and 1985, lead prices were relatively static on the London Metal Exchange, moving narrowly between Rs 10,000 and Rs 11,000 per tonne. Against these levels, prices moved up to Rs 13,500 in February 1986, then to Rs 16,000 in January 1987, and now to Rs 20,000 in August this year. For the forthcoming accounting year 1987-88, Chloride would be adding more than 50 per cent to its 1985-86 bill of Rs 21 crores for lead and antimonial lead.

The current high price of this vital raw material is compounded by an ad valorem import duty of 125 per cent, and the sharp depreciation of the Indian rupee vis-a-vis the pound sterling. When combined with 25 per cent excise and 12 per cent sales tax,it is possible to explain why an Indian battery for (say) the Ambassador car costs Rs 1,100, against £15 or $22 that a buyer in England or the US would pay. "Net of duties, a Chloride battery would cost about Rs 330 — which is roughly comparable to European or American prices," says a Chloride spokesman. "It is the duties which make all the difference."

This is true — but it should be said in the same breath that productivity levels in India are very poor compared to those in the advanced economies, or even certain developing countries like South Korea. Chloride spokesmen themselves voice great dissatisfaction on this score, and the only (partially valid) excuse that is offered is licensing restrictions in this country which deny economies of scale, a relatively restricted market, and Chloride being an old company, work practices which have been inherited from the past.

Shamnagar, in fact, being the oldest of the Chloride factores, is the weakest in this respect. Jahar Sengupta and his team are not loath to admit that since Chloride India has always faced a buoyant market for its product, and since the Indian company's (substantial) profits were vital for the UK company's bottom line, sometimes a soft line has been taken on the productivity question when the long term view would have warranted a stricter, more disciplinary approach towards the work force. Since the Indian company contributed a good 50 per cent of the entire group's profits, Chloride could not afford to close down any of its factories here even for a day.

Nevertheless, the company's achievements so far (and therefore, Jahar Sengupta's achievements, since he is very closely identified with the company) have been considerable. "The fact that we have stuck only to storage batteries is simply because we have always managed to obtain expansion in the nick of time," Sengupta says. "Of course, the UK company would have liked us to stick to the tried and tested. But sometimes, when we have felt frustrated in our expansion efforts, we have considered diversification. One such project was for roller ball-bearings. But in the end, we obtained clearances for Haldia and for increased capacities at Pune, and now, Fatehpur." Given the relative tightness and efficiency of Chloride India's operations, and the excellence of its financial results, the fact that it has remained a single product company cannot be held against it.

Chandiramani: aware of market pressures

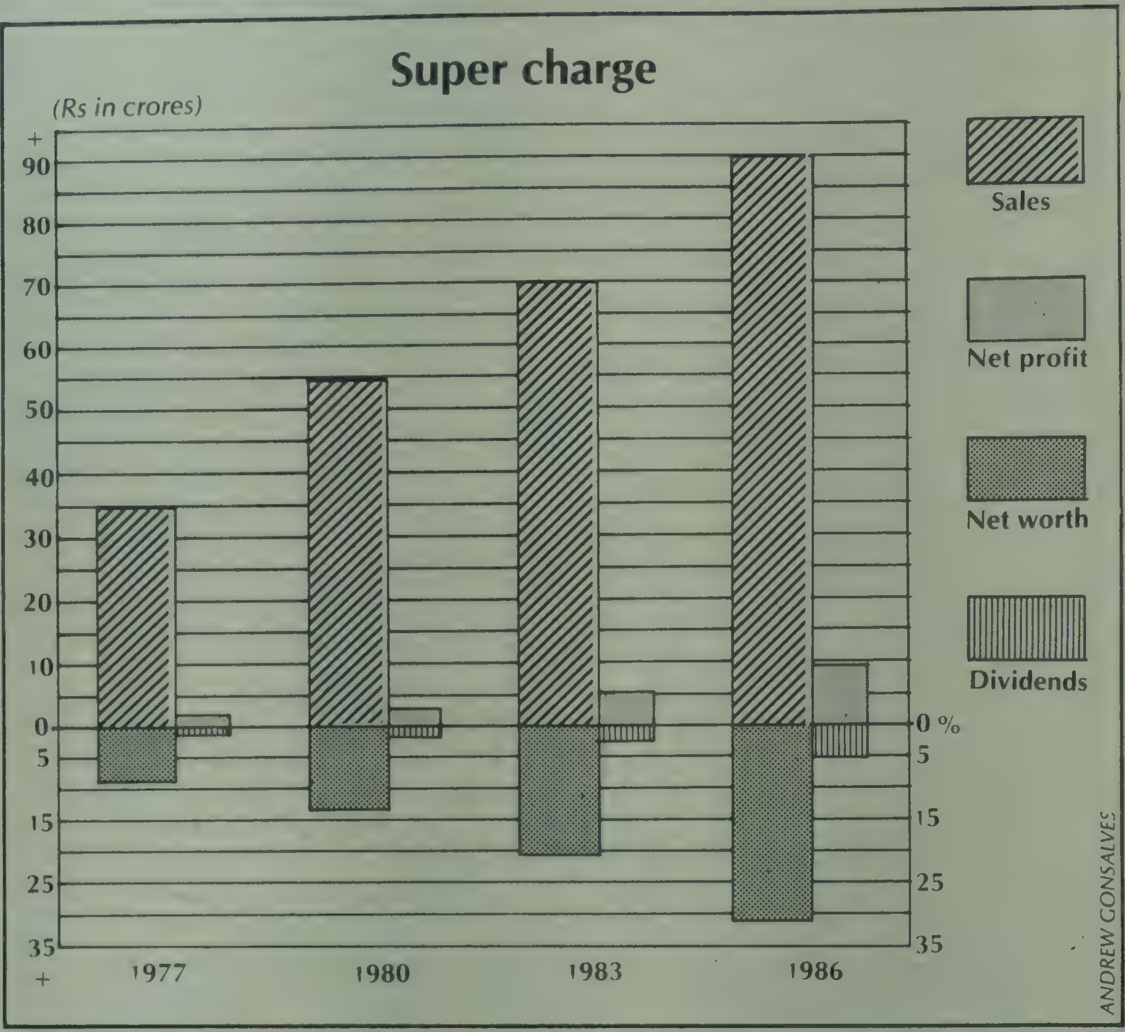
One point of pride with Jahar Sengupta is that whatever has been achieved at Chloride has been done "cleanly" — ie, without any problems with excise or other taxes. Considering the high levels of tax that Chloride pays to the exchequer, this claim is difficult to dismiss lightly. For example, after the post-manufacturing expenses judgement, when a number of companies were reeling from the shock, Chloride was virtually unaffected. Also, marketing people at Chloride claim that they have never taken advantage of market shortages to squeeze distributors' margins. "For a product like a storage battery, after-sales service is important," says a marketing spokesman, "and it is important to ensure that distributors are sufficiently motivated."

A strong contention by some outside observers is that Chloride India has largely been a "one-man show", with Jahar Sengupta exclusively dominating everyone else. This may in part be true, but here, B. D. Bose, the current managing director, who took charge early in 1986, has some interesting comments to make. "It should be remembered that Chloride India has really grown in Jahar Sengupta's time," he says. "He is the only person who has straddled all the disciplines.

Many of the current executive directors are relatively later entrants, and it is Jahar Sengupta who has lent continuity to the organisation."

Bose continues, "Of course, it happens that when a company grows fast, there could be a management vacuum at middle levels. The chief executive and the team immediately around him may be competent, but then an effort must be made to formalise systems. One of the great strengths of Jahar Sengupta is his informality, and how many of Chloride's 3,000-odd work force he knows personally." An outside observer comments that in Sengupta's absence, a primary effort at Chloride must be to see that the cultural barrier, which must inevitably arise for a successor, is smoothly overcome.

Jahar Sengupta retires as executive chairman of the company at the end of September, and according to an earlier arrangement, he would have continued as non-executive chairman for five years more. Currently, of course, things have changed. Sengupta retired from the Chloride UK board earlier this year after a three year stint, and the chairman, Michael Edwardes, placed on record his appreciation of Sengupta's contribution to the UK company board, and the "significant success he has had in directing the Indian operatons".



Unfortunately, the success of the Indian company contrasts sharply with all the problems that the overseas parent has faced in recent years. While about 10 years ago, the group was the largest manufacturer of storage batteries in the world, today it is a relatively small company, and after the Indian divestment will effectively be left with only two factories in the UK, and one in Denmark. Chloride got into major trouble in the US between 1982 and 1984, when in the haste to grab a large market share quickly, the "Torque Starter" was introduced without sufficient field trials. After an initial, short-lived success, the company was stuck with huge warranty claims, and with the dollar strong against a weakening pound sterling, the US company's losses had a disastrous effect on the British company's balance sheet.

Haldia factory: currently far below licensed capacity

Over the last few years, Chloride plc has been making major divestments. Last year, it sold its operations in Pakistan for £2.57 million. The Australia, New Zealand and US companies had been sold earlier for around £36 million. The latest, that of Chloride India, is rather like selling the jewel in the crown. While 100 per cent of the US, Australian, and New Zealand companies, with a combined capacity of 10 million batteries per annum, fetched £36 million, only 25 per cent of the Indian company which currently has a capacity of around 1 million batteries, is being valued at £18.2 million.

It is reported that Chloride plc is now back in the black, and its pre-tax profits for the year ended 31 March 1987 were £ 17 million on sales of £ 273.4 million. The company is making significant investments in R&D especially for launching the new sodium sulphur battery as a commercial product. This could well be a revolutionary breakthrough. Lightweight and bigger than a large torch battery, the sodium sulphate cell, when linked to make a complete battery system, will provide the energy to propel electric vehicles over much greater distances than is possible with present day technology.

The mechanics of the divestment transaction for Chloride India (with Chloride Eastern owning 51 per cent of Chloride India, and the UK company in turn owning 50 per cent of Chloride Eastern) indicates that the UK company would still like to consolidate the Indian company's profits in its balance sheet. However, effective control in the Indian company may well pass on to the partner who is actually present here on the ground, namely, S. K. Birla. But the advantage to the UK company would be that if the Indian company decides to aggressively diversify and increase borrowings, such increased borrowings would no longer be a constraint for the UK parent to raise funds. That is because banks in the West take into account the borrowing levels of 51 per cent subsidiaries when lending to the parent, but not of 50 per cent subsidiaries. By all indications, the deal's structure seems very favourable indeed to Chloride plc.

So far, Chloride India having been a professionally run company, there is obviously a great deal of insecurity in the company at the impending change. S. K. Birla has so far not been a particularly well-known figure in the corporate world. The eldest grandson of G. D. Birla, Sudarshan has not been much in the public eye. Having started off his career in Birla Jute, Kesoram Cotton, and later, the Birla-owned coal companies, Sudarshan ran Universal Electrics, and later, OCM and Shree Digvijay Woollen Mills. Recently, these three companies have been merged under VXL India Limited which in 1985-86 had a turnover of Rs 100 crores, and earnings per share (EPS) of Rs 7.84 per Rs 10 share, on an equity base of Rs 3.66 crores.

Besides, Sudarshan Birla runs Jiyajeerao Cotton Mills, which had sales of Rs 134 crores in 1985-86. Jiyajeerao's chief assets are however its investments in other Birla companies like Gwalior Rayon and Hindustan Aluminium (both of which are managed by SK's cousin Aditya Birla), and these investments at current market prices would be valued at over Rs 40 crores, against a historical value of Rs 1.61 crores. Quite obviously, under the current family reorganisation, Sudarshan Birla would end up having a lot of cash to play around with.

Birla also manages Mysore Cements (equity: Rs 6 crores; sales: Rs 84 crores in 1984-85; profits: Rs 1.69 crores) which made a successful Rs 44 crore non-convertible debenture issue in the recent past, and is planning a Rs 20 crore convertible debenture issue soon. Mysore Cements is in the process of modernising its old plants, and also doubling capacity to 1.8 million tonnes per annum. Moreover, Sudarshan runs a palm oil trading company in Malaysia, which is engaged in exports to the US and which currently has a turnover of Rs 200 crores a year. He has some other business interests in the US and in Nigeria.

The Chloride deal is further evidence that Sudarshan Birla is intent on aggressive expansion. The question is how far the Chloride association makes commercial sense, the synergies it is likely to lend his group of companies, and the effects on Chloride India itself.

The price at which the transaction is being made is roughly Rs 80 per Rs 10 share. Chloride's EPS on a capital expanded to Rs 20 crores after a 3:5 bonus issue last year would be around Rs 4.50 to Rs 5. It may be asked that at a time when Chloride India is likely to face a dip in profits (with sharply increased raw material costs and an inability to pass on these costs to the consumer, given the current high levels at which its products are priced), whether it is prudent to make an investment at a price-earnings ratio as high as 15 or 16.

Pune factory: soon to be upgraded to 800,000 batteries

Research & Development Centre

R&D Centre: adapted the pp battery to Indian conditions

Moreover, Sudarshan Birla is investing not directly in the Indian company, but only in Chloride Eastern at Singapore. The other operations of the Singapore-based company — Thailand, Malaysia and Sri Lanka— are no great shakes, and there is fierce competition in some of these markets from Japanese manufacturers.

The Chloride disinvestment in India has been impending for quite a long time, and it is heard that besides the likes of B. M. Khaitan, Manu Chhabria and the rest, Yuasa of Japan and Hawker Siddeley had also expressed interest. The chief reason why the overseas giants may have lost interest is that they may have hesitated to invest quite so large a sum as Rs 40 crores or more in India, where foreign exchange regulations are strict. It could well be that foreign investors have an anxiety about how to send back their money in the event that they decide to sell out.

Thus, as the Chloride deal provides further evidence, offshore deals involving Indian businessmen are becoming the rule. Chhabria, Khaitan and the rest may finally have balked at the high price demanded by Chloride UK. Also, it is rumoured that Jahar Sengupta definitely had to 'approve' the final purchaser — though Sengupta himself says that he was not at all involved in Birla's negotiations with the UK company. However, given the Chhabria's experience with Shaw Wallace, none of our businessmen would really like to buy into a company with a strong local chief executive without being assured of acceptance.

Sudarshan Birla says that Chloride India has great potential for diversification, though he mentions no specific project. What he does say is that with the current very low gearing (Chloride India's borrowings stand at Rs 4.4 crores against a net worth of Rs 29 crores), raising Rs 100 crores on the strength of this balance sheet should be very easy indeed.

What the money would be used for would remains a question of great interest, for which there are currently no answers. There seems little synergy possible with the activities of S. K. Birla's existing companies. Also, it remains to be seen how the "strategic alliance" between Chloride plc and S. K. Birla would work. There seems to be an elaborate system of "checks and balances", with an equal number of nominees from either party on each of the two boards of Chloride India and Chloride Eastern. The fact remains that between the owners, it is S. K. Birla who is in India, while the overseas company is 5,000 miles away in London.

To the specific question, "Why Chloride?" S. K. Birla has some interesting comments to make. "The deal is unique, because the UK company is not getting out completely," he says. "A continued inflow of technoogy will be available for hi-tech areas. Moreover, Chloride India is not a run-down company — there are a lot of talented professionals surrounding Jahar Sengupta. The type of people I am proposing to get associated with is very important for me." Thus, whatever S. K. Birla's commercial reason for entering into the Chloride deal, "prestige" seems to be just as important. He refuses to take seriously the fact that a number of the company's professionals are a little nervous about what role the new chairman would play.

But is S. K. Birla actually buying only 10 per cent of Chloride Eastern, or the entire 49.99 per cent? Birla asserts that he is confident that the deal does not come under FERA's purview, and that if questioned, he would be able to fully satisfy the Indian government about his sources of funds. He remains vague about which of his foreign ventures would actually be making that investment, but says that the main part of his stake could be through purchases on the Indian stockmarkets. The largest foreign deal to date does not seem to provide too many easy answers to some perfectly valid questions.

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Struggling to recover

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Ambani: getting back in shape

After the sharp setback of last year, Reliance Industries Ltd may now be back on the road to recovery. The company's half-yearly results for 1987, released last fortnight, show a 30 per cent rise in sales and an improvement in profits compared with the first six months of 1986.

The operating profit (before interest and depreciation) rose by over 12 per cent this year in the period up to June. However, there was a steep rise in interest and the gross profit (before depreciation) could only be maintained at last year's level. The depreciation charge was also higher and the net profit declined by 10 per cent. Yet at Rs 20 crores, it was substantially higher than the Rs 14 crores earned during the whole of 1986 (see table 1).

A major contributor to increased sales this year has been polyester staple fibre. According to estimates gathered by *Business India*, Reliance produced and sold around 10,000 tonnes of polyester fibre worth Rs 70 crores during the first six months of this year, compared with a negligible amount in the same period last year. The production and sales of polyester filament yarn too have risen significantly — over 15,000 tonnes worth about Rs 225 crores — during January-June 1987 compared with 25,674 tonnes during all of 1986. If these production and sales estimates are fairly accurate, it would mean that polyester fibre and yarn contributed around Rs 300 crores to Reliance's half-yearly sales of over Rs 549 crores. Around Rs 120 crores may have come from the fabrics division. And as much as Rs 130 crores or so may have come from trading in yarn and fabrics against Rs 207 crores during the whole of 1986.

Thus the company's trading activity continues to fuel its rapid sales growth even though its contribution to profits is negligible. Last year, total sales spurted by 24 per cent to Rs 637 crores (net of excise duty), but profits slumped from Rs 71 crores in 1985 to a low of Rs 14 crores. The sharp rise in the 1986 sales was a result of a sudden quadrupling of trading operations that year. (See *Business India*, 15 June 1987). Detailed figures submitted by Reliance to the financial institutions now show that between 1983 and 1985, trading sales averaged around Rs 55 crores each year. But in 1986, the figure shot up to Rs 207 crores (see chart). Yet, strangely, the profit from trading in 1986 remained the same as in 1985 — only Rs 1 crore! (see table 2). What is more, the sales of the company's own manufactured yarn and fabrics actually *declined*, by nearly 15 per cent from Rs 464 crores in 1985 to Rs 395 crores last year! And the entire 24.3 million metres of fabrics that Reliance purchased for Rs 138 crores (as per the 1986 Annual Report), were sold for Rs 139 crores.

Table 1

Half-yearly results *(Rs crores)*

	1987 Jan-June	1986 Jan-June	Per cent change	1986 Jan-Dec
Net sales	549.17	421.99	+ 30.1	904.02
Operating profit	84.04	74.86	+ 12.3	129.39
Interest	32.85	24.11		54.24
Gross profit	51.19	50.75		75.15
Depreciation	30.96	28.19		60.98
Net profit	20.23	22.56	– 10.3	14.17

All this suggests that in order to avoid reporting an actual stagnation in sales between 1985 and 1986, the company resorted to showing a very large trading activity last year purely to inflate sales. And this year too, the company appears to have relied on large trading operations of around Rs 150 crores during January-June 1987, to report a 30 per cent rise in sales.

However, the declining profitability cannot be that easily masked and it continues to pose a problem. True, the net profit up to June 1987, at Rs 20.3 crores, marks a substantial improvement over Rs 14 crores reported for the whole of 1986. But when compared with the profit of Rs 22.6 crores in the first six months of 1986, there is actually a decline this year. Yet, if profit generation does not fall substantially in the latter half of this year, as it did in 1986, then the company could again be in a more comfortable position.

But Reliance has many obstacles to clear on its way to a firm recovery. For one, it does not seem to have fully come out of the liquidity crisis it faced last year. Its proposal to sell and lease back from the financial institutions, utilities and equipment worth Rs 85 crores that were recently acquired for the PTA (purified terephthalic acid) and LAB (linear alkyl benzene) plants at Patalganga in Maharashtra, and the forthcoming rights issue of shares worth Rs 198 crores in the enhanced ratio of one share for every four held (against the earlier one for five) suggest that the cash crunch is continuing.

Another problem is that the company's

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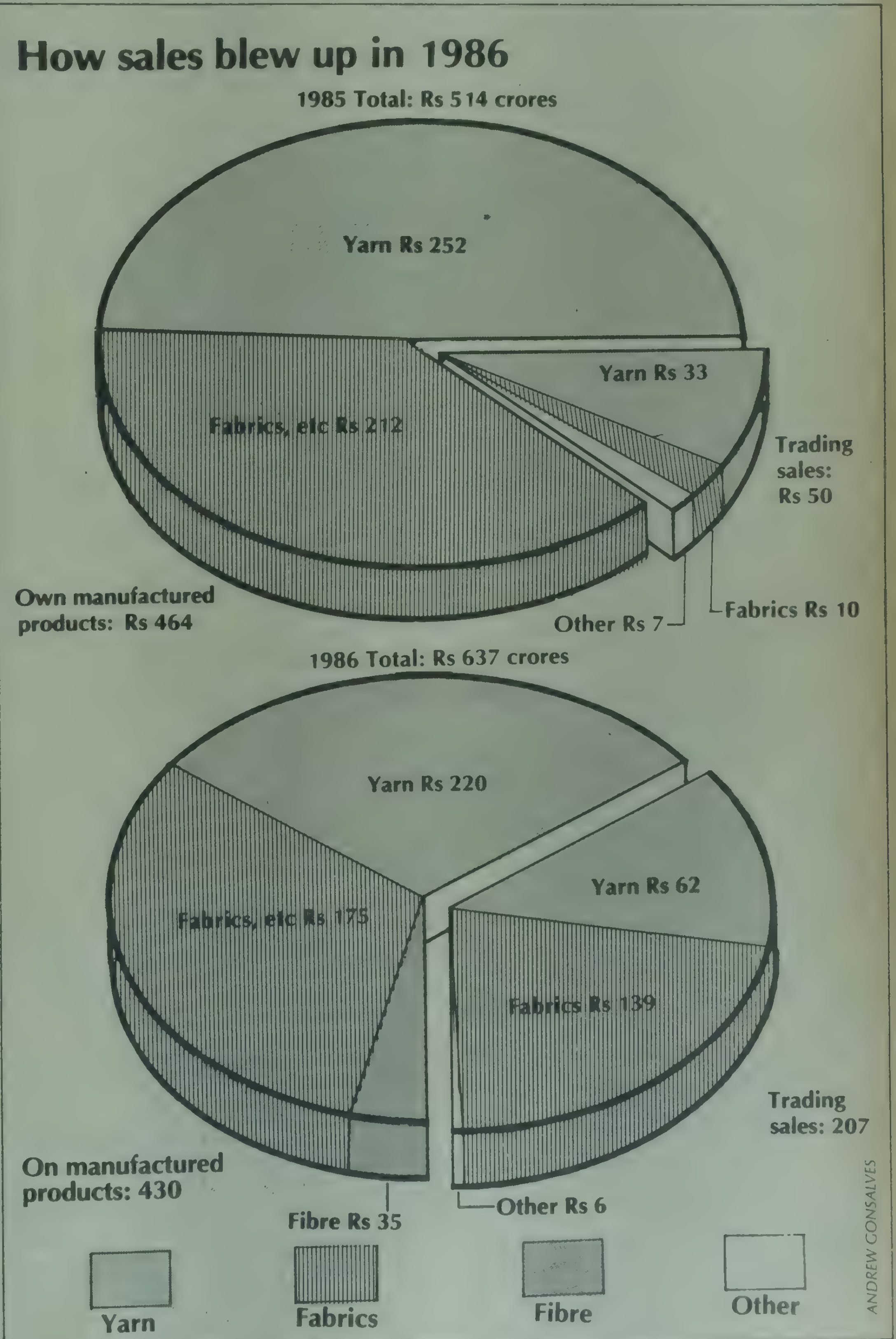
working capital reqirements remain very large. Investigations reveal that it continues to nurse large, unsold stocks of fibre (over 5,650 tonnes as of 30 June 1987) and yarn (over 4,500 tonnes) — nearly the same levels as at the end of 1986. While the production of yarn and fibre has improved this year, it is still far below the huge installed capacities. Already, the interest charge at Rs 33 crores for the first half of this year is far above the Rs 24 crores incurred during the same period last year. Another Rs 35-odd crores will be paid to G series debenture-holders in the current year as interest (even though this amount is not charged to current sales but capitalised to the PTA and LAB projects which are yet to go on stream). And the projected dividend rate of 25 per cent for 1987 will mean a cash outflow of Rs 20 crores on the expanded equity (after the debenture conversion and rights issue) of Rs 154 crores.

The resource gap may also have widened by the long delays and the sharp cost escalation of over Rs 140 crores on the PTA and LAB projects. These are running more than a year behind schedule and will now cost Rs 549 crores and Rs 144 crores respectively — the earlier estimates were Rs 422 crores and Rs 129 crores.

The fate of the LAB project to be commissioned next month hinges on what decision the finance ministry takes on the company's application for concessional import duty on N-paraffin, a key intermediate for the manufacture of LAB. The basic and auxiliary customs duty (at 110 per cent of the c.i.f. price) on N-paraffin is currently so high that the landed cost of this material alone would eat up almost the entire revenue of the company from its LAB sales! So Reliance has applied for a concessional import duty of 10 per cent on its N-paraffin requirements. If the finance ministry grants it the duty reduction, the company could save more than Rs 40 crores in one full year of LAB manufacture.

Critics of Reliance have pointed out that reduced duty would give the company an unfair cost advantage over the Indian Petrochemical Corporation Ltd (IPCL) and the Tamil Nadu Petrochemical Corporation Ltd (TNPCL) which make LAB by purifying kerosene into N-paraffin indigenously. However, sources close to the Reliance management claim that if the company is not granted a lower import duty, its raw material cost would be far higher than that of its two competitors. And even though Reliance's LAB licence permits its manufacture from kerosene, the government refused last year to give Reliance an assured supply from Bharat Petroleum Corporation Ltd (BPCL), which led to the postponement of the facility to purify kerosene into N-paraffin, they claim. The company now plans to set up this facility by end 1988 at a cost of Rs 50 crores, if it is assured kerosene supply from the BPCL refinery.

Meanwhile, it is reported that in a surprise move, Reliance has approached the country's DMT producers, including its arch rival Bombay Dyeing, for the supply of DMT (dimethyl terephthalate), which is an alternative to PTA in the manufacture of polyester. For the last two years, Reliance has forcefully argued that PTA is a superior raw material and that it not longer had any facility at its polyester plants in Patalganga to process DMT. Sources close to the Reliance management deny its having sounded out any DMT producer. They dismiss the news reports as a motivated campaign to malign Reliance and to scare polyester manufacturers into buying large quantities of DMT (if Reliance were to switch over to DMT, there would be a big shortage of this material). But the company's critics claim that this alleged move of Reliance is calculated to make the government shift DMT from the restricted list to OGL (this would lower DMT prices and profits of the produc-



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ers, particularly of Bombay Dyeing).

The government attitude, which is so critical to corporate growth, appears to have changed towards Reliance. Last year, when V. P. Singh was the finance minister, a number of government decisions hurt the company badly. This year, so far, government decisions have considerably benefited Reliance. Last May, within eight days of the announcement of the company's poor performance in 1986, PSF imports were shifted from OGL to the canalised list and the specific duty of Rs 3 per kg on PTA imports was scrapped. Since Reliance is the biggest user of PTA and the largest producer of PSF, it stood to gain the most.

Then in July, the government permitted the company to convert its G series debentures worth Rs 500 crores into shares, more than six months before the scheduled date of 5 February 1988. This will save the company over Rs 33 crores in itnerest. And now, there are hopes that the government will also allow it to convert the E and F debentures into shares, which would lead to an interest saving of Rs 48 crores a year.

If this trend of favourable decisions continues, Reliance could be in clover once again. Already, the half-yearly results released by the company last fortnight show a better profitability than what was projected by the financial institutions (presumably in consultation with the company). The pre-tax profit for the whole of 1987 was projected to be only Rs 10 crores (see table 3). But in the first six months alone, the company has earned Rs 20 crores.

Profits in the next six months will depend considerably on the polyester fibre market. At present, there is a glut in the market, prices are very low and more than half the industry's capacity is lying idle. Reliance's average production, for instance, of only about 1,650 tonnes of polyester staple fibre per month between January and June this year was less than half its installed capacity of 3,750 tonnes a month. And if production estimates gathered by *Business India* are accurate, the company went in for a massive production cutback in June when it produced only 109 tonnes. This brought down the level of huge unsold stocks from 7,446 tonnes at the beginning of June to 5,659 tonnes by the end of the month. But with the firming up of cotton yarn and viscose prices, the demand for polyester fibre is expected to improve.

Thus it is very unlikely that the fibre division has begun to generate enough operating profits to meet its high interest and depreciation charges. So polyester yarn continues to be the major money spinner for Reliance. While the polyester fibre market is depressed, the demand for polyester yarn has been brisk and its price has firmed up in recent months. The company has stepped up sales and production of yarn considerably. But the monthly output of over 2,500 tonnes of yarn up to June this year is still far below its capacity to make around 6,000 tonnes a month. And unsold stocks of yarn continue to remain high. Yet, even after bearing the financial burdens of a large idle capacity and absorbing the losses of the new fibre plant, the yarn division is still able to generate profits. Last year, the yarn division bore the brunt of the pre-tax loss incurred by the fibre division. Its pre-tax profit of Rs 15 crores was substantially eaten up by a loss of Rs 11 crores incurred by the newly commissioned fibre division (see table 2).

The LAB and PTA plants to be commissioned in October and November of this year can contribute significantly to sales and profits only in 1988. (The projections made by the institutions, however show that the net profit may remain downbeat till next year, even after assuming a concessional 10 per cent duty on N-paraffin imports for the LAB plant). But the company's depreciation charge will go up considerably once these go on stream in the next two months. However, for the full year it is still likely to be far less than the Rs 101 crores projected, thanks to the repeated delays in commissioning. This factor alone could substantially boost the company's book profit for the whole of 1987, well above the projected Rs 10 crores.

MUKARRAM BHAGAT

Table 3

Sales and profit projections

(Rs crores)

Year ended 31 Dec	1987	1988	1989	1990
Net sales & other income (excl. excise duty)	677	925	988	1,026
Operating profit	205	311	340	359
Interest	94	143	138	131
Gross profit	111	168	202	228
Depreciation	101	155	155	155
Pre-tax profit	10	13	47	73
Tax	2	2	7	11
Net profit	8	11	40	62
Equity dividend (%)	25	25	25	25
Net cash accruals	89	135	164	186

Note: The figures presented above are only estimates of the future based on certain assumptions. However, a lot could change depending on the company's decisions and government policies. As such, these should be viewed as being only indicative of the future.

Usually, companies, together with the financial institutions, make projections on a very conservative basis and the actual results are often far better. Already, Reliance has declared a net profit of Rs 20 crores for the first six months of 1987.

Table 2

Divisional profits

(Rs crores)

	Fabric		Yarn		PSF		Trading		Total	
	1985	1986	1985	1986	1985	1986	1985	1986	1985	1986
Value of production	227	205	253	242		69	53	207	533	723
Profit before interest & depreciaton	25	37	106	74		17	1	1	532	124
Net profit	6	9	64	15		– 11	1	1	71	14

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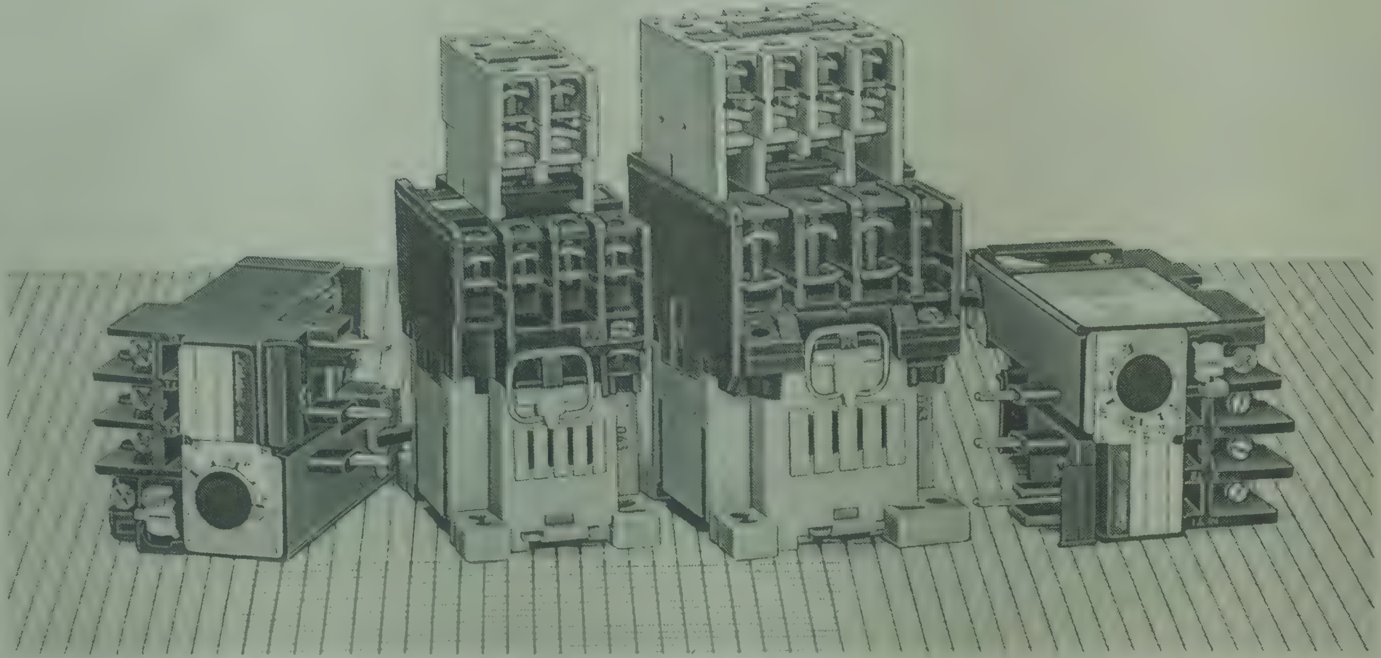

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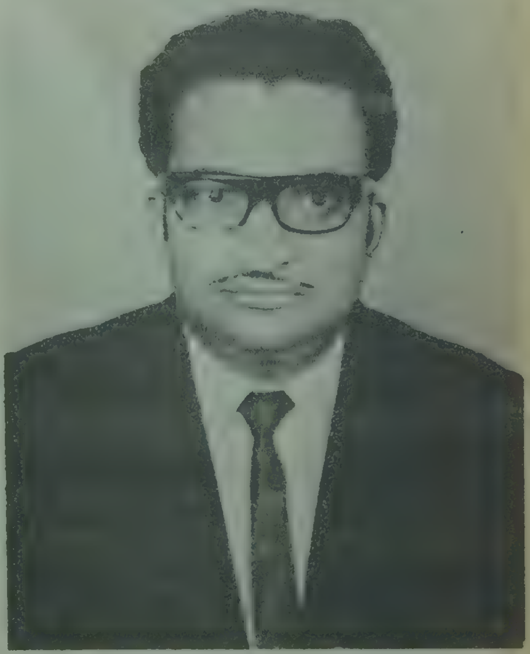
MAHINDRA & MAHINDRA

A higher stake in exports

Like other automobile exporters from India Mahindra & Mahindra was supplying vehicles against one-shot contracts to the developing countries. But now, with good, old "jeep" with some added features, the company has struck a chord in the hearts of Europeans and Australians



Basrur: thankful for the 'shot in the arm'

It's a classic case. The Trade Fair Authority of India officials are citing the Mahindra example to convince skeptics in the government of the importance of trade fairs.

For Mahindra & Mahindra Ltd (M&M) is all set to secure a niche in the tough world auto market, for its range of four-wheel drive (4WD) vehicles. Not by ad hoc selling to developing countries (to which all automobile exports from India have been directed so far) but by entering the developed markets of Western Europe and Australia.

It all started with the Hanover Fair 1984, where a wide range of Mahindra vehicles were displayed. "This exposure to an international audience provided the necessary shot in the arm", says K. K. Basrur, executive vice-president, M&M. "Potential distributors from several European countries sought dealerships at this stage itself."

The Mahindra name is strongly associated with the jeep — virtually a generic name. With the American Motor Company (AMC), the other major producer of the civilian jeep (CJ) series, having restricted sales to the American market, the Mahindra vehicle displayed at the Hanover Fair evoked in West European hearts much nostalgia for the original World War II Jeep. This was one of the reasons that dealers were so interested.

Since the Hanover Fair in 1984, M&M has displayed its products at Hanover 1985, Frankfurt Motor Show 1985, Paris Fair 1985, Malmoe Motor Show 1985 and 1987, Torino Motor Show 1986, Essen Motor Show 1986 and several other local fairs to guage buyer responses and to meet potential distributors. Today, the company has access to a network of 69 dealers in Denmark, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, Turkey, UK and West Germany, and as many as 40 in Australia alone.

Regular sales of Mahindra's four-wheel drive vehicles have started in West Germany, Italy, Sweden and Australia where the vehicles have been duly certified to meet the mandatory national road safety regulations. Sample vehicles have also been shipped to Spain, UK, and Belgium. Product development work is on to meet the specific requirements of the markets in France, Greece, Scandinavia and even the US and Japan.

The 'Bahia' exported to Italy

Although the "shot in the arm" came only in 1984, the export operations of M&M date back to 1969. Almost 23,000 vehicles have been exported to date to New Zealand, Yugoslavia, Indonesia, Thailand, Bangladesh, Sri Lanka and Iran. The export turnover of vehicles to some of these countries amounted to over Rs 20 crores of the company's total turnover of Rs 527 crores in 1986.

There has been considerable rethinking in the last few years within the company on the future exports strategy that it must adopt. More competitive Japanese vehicles drove Mahindra out of the Far East markets and the prolonged Iran-Iraq war led to recovery problems on the exports to Iran. Domestic sales of jeeps too have been below capacity in recent years. So a shift in emphasis was finally effected from a mere export operation to overseas-based operations, from traditional markets to non-traditional ones, and from one time selling of the product to sustained, customer-oriented marketing.

Such a strategy may sound too grandiose and therefore unrealistic for an Indian company to take up in the aggressive world auto market. But in Mahindra's case, it may not be so. M&M is not developing a product for the developed automobile markets, but is making some engineering changes on an old world vehicle which has a curious long-standing appeal in the modern auto market where customer preferences are usually fast-changing.

Though it was sheer luck that the company

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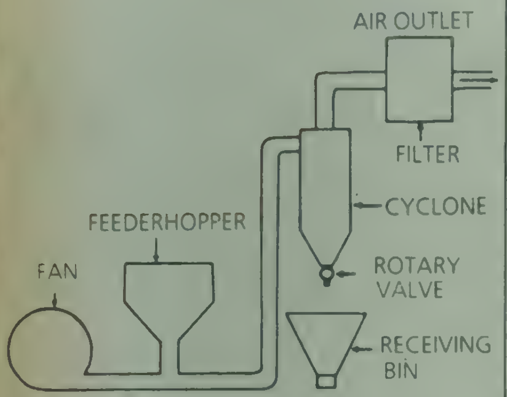
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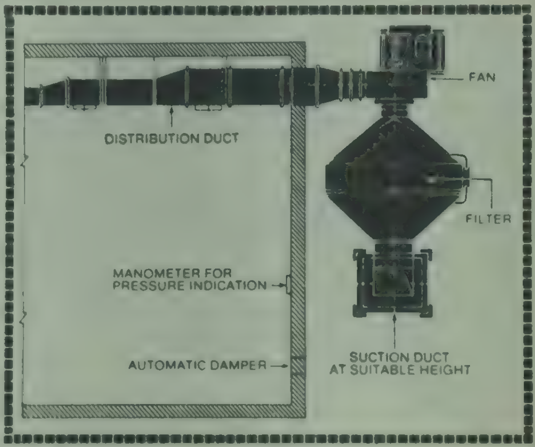
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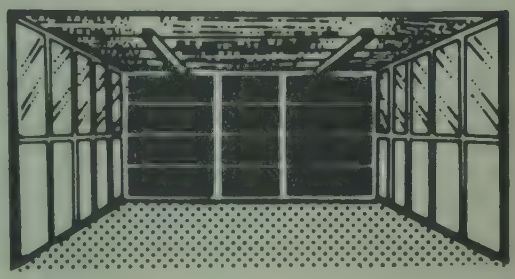

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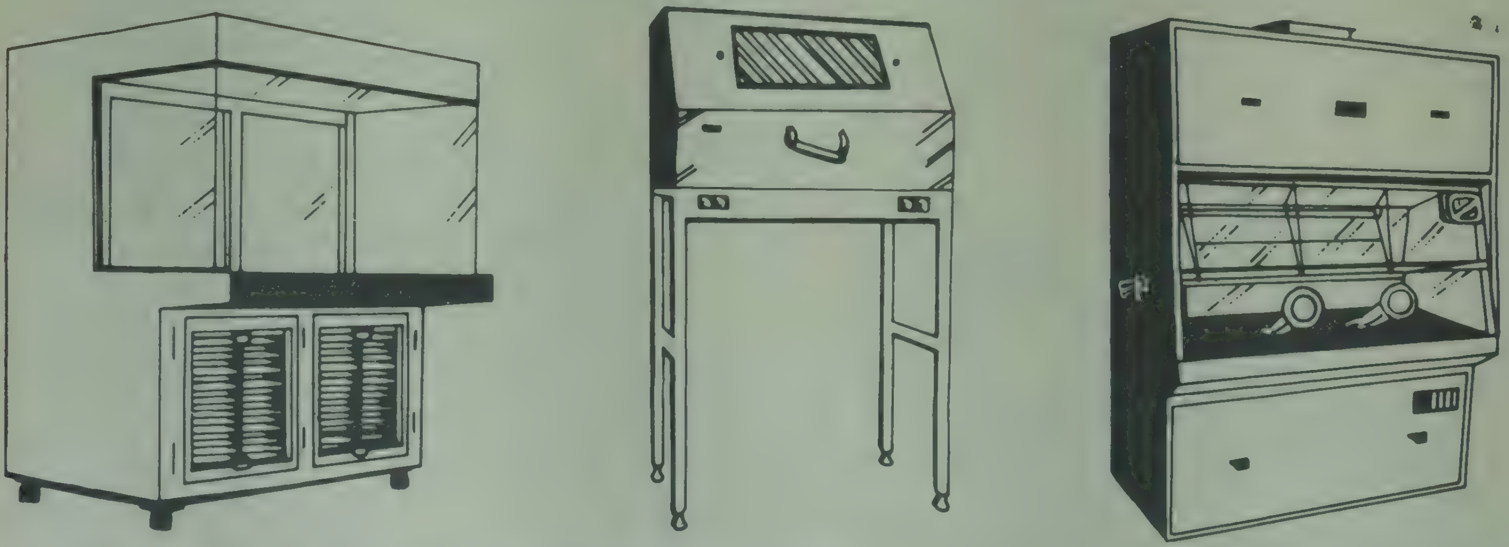

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had a product with a good export potential, its great perseverance in the last few years has made it possible for M&M to realise this potential. Soon after Hanover Fair in 1984, Mahindra set up on the outskirts of Athens in Greece, Mahindra Hellenic Auto Industries SA, a joint venture between M&M (with 55 per cent equity stake) and Balkania SA of Greece (once distributors of Mahindra jeeps) for the assembly of CKD kits imported from India. The present capacity of this unit is 1,000 units per annum.

Besides the obvious advantage of proximity to European markets, the choice of Greece for the assembling plant offered other advantages as well. Since Greece is a member of the European Economic Community (EEC), the jont venture's product will attract concessional rates of import duty when exported to other European countries. Additionally, the venture's exports from Greece will enjoy substantial domestic export incentives as the local value added is nearly 40 per cent. Last but not the least, special fitments necessary to cater to road safety regulations and customer preferences in various European countries can be more easily imported into Greece.

Simultaneous with the setting up of assembling facilities, M&M took up product development to meet the stringent national road safety regulations of the European countries and market research into consumer preferences. This took the better part of two years, and Mahindra Hellenic was ready to roll out vehicles fit for the European markets in late 1986.

The two-year gestation period, company officials point out, was absolutely necessary for the vehicles to meet the road safety norms. Moreover, virtually every major market had its own unique preferences. For example, Italy has a peculiar national regulation of a comparatively wider distance between the head lights; West German authorities insist on non-inflammable material for the canopy, Sweden has most stringent brake testing regulations and Australia tough seat belt anchorage lists. German customers took to the original version because of the nostalgia it created and hence the brand name selected there is 'Classic'. Italians preferred a tapered bonnet and square headlights. So appropriate design modifications were carried out with the help of an Italian designer. The vehicle was launched there under the brand name 'Bahia'.

While market surveys in Europe showed that the Mahindra product would serve as a leisure vehicle and therefore be a third or a fourth vehicle for a family, in Australia the perception about the jeep is that of a utility vehicle. Consequently, the company's selling point there is that unlike the sophisticated Japanese four-wheel drives, the Mahindra product is a back-to-basics vehicle that the owner can repair. And it is aptly named the 'Bushranger'. That this no-frills vehicle has very effectively carved a niche in the Australian market is apparent from a write up in the *Overlander,* an Australian magazine on four-wheel drive vehicles. It says: "The dash, by the way, is nothing fancy. It has some padding round it, but its not full of plastic to warp and buckle in the sun. Just plain metal, and the gauges match. The seats are the old fashioned 4WD type too, something to park your bum on ... something to cover the base metal ... not something that looks like its been pinched from an interior decorator."

The 'Classic': launched in Germany

According to the market research findings of Automotive Industry Data Ltd of UK, the market for four-wheel drive vehicles in Western Europe has tripled from 92,600 in 1981 to 317,100 in 1986 and is expected to touch 800,000 by 1991. Out of this, sales of utility vehicles (the Mahindra jeep belongs to this segment) will more than double from 72,000 in 1981 to more than 180,000 by 1991. But the European production of these is estimated to go up to only 135,000, thus leaving a large gap for imports. The number of 4WDs sold in the Australian market is also considerable, with 27,000 being sold in 1986.

In both the European and the Australian markets, M&M competes with formidable Japanese names like Mitsubishi, Daihatsu, Suzuki, Toyota and Nissan. But the company's product positioning strategy, in terms of both features and price, that places its vehicle "in between the top end and the bottom end of the market" may prove successful. In Europe, the market leader is the Mitsubishi 'Pajero' or 'Shogun' in terms of both features and price followed by the Daihatsu 'Rocky' or 'Wildcat'. The Mahindra 'Classic' or 'Bahia' is next in line, followed by the Suzuki 'SJ 410' or 'SJ 413' and the Russian 'Lada Nisa'. Valued at Rs 1 lakh in Indian currency, the price of the Mahindra vehicle in Europe is considered by industry insiders to be "extremely competitive". The Mitsubishi at the top end of the market costs 40 per cent more and the Lada at the bottom end costs 25 per cent less.

Says Vijay Iyengar, manager (overseas operations), M&M, "By end 1987, the first proper year of operations, we expect to sell 300 vehicles in Europe. And by 1988, when sales to Australia will also pick up, we hope to sell around 1,600 vehicles." Out of the selling price of approximately Rs 1 lakh per vehicle, about 60 per cent will accrue to M&M, India. The first year's turnover from exports to Europe is expected to be Rs 1.8 crores which should go up to Rs 15 crores in the third year when 2,500 vehicles are expected to be exported. In the meanwhile, if the company can add US or Japan to the list of importing countries, exports may be even higher. But the company is at present reluctant to talk about its plans for those markets.

With a licensed capacity of 40,000 vehicles for both jeeps and light commercial vehicles Mahindra's domestic sales in 1986 amounted to 31,000 vehicles. The waiting lists for the company's product have been shrinking over the last few years and today the Mahindra vehicle is available off-the-shelf.

So the stakes in the export venture are high — if the strategy pays off it will mean a much needed expansion of the market. Clearly, the success of its new overseas operation is particularly important for Mahindra.

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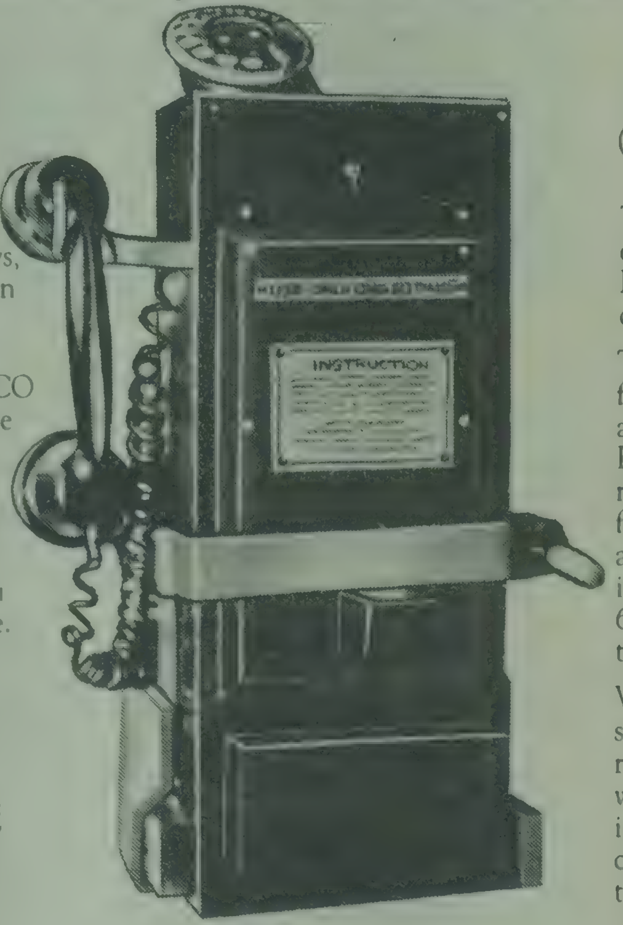

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S KUMARS' COUP

Michelin's ploy

When S. Kumars, the Rs 100 crore plus textiles group announced that it had bagged a collaboration with Michelin, the $5 billion tyre manufacturer ranking 91st in the Fortune 500, everyone was surprised. One, because it was Michelin's first ever collaboration in its 106 year old history. Two, because it chose India for such a tie-up and that too with S. Kumars. How did this happen?

July 21, 1987: Corporate watchers sit up, perplexed. Their incomprehension at developments announced is as bewildering as it was to tyre manufacturers by mid-1986 when they heard that Michelin of France (actually Compagnie Generals des Establissements Michelin) was coming to India. The surprise was not only over Michelin's first ever collaboration, but also over its decision to tie up with S. Kumars, a group hardly reckoned to be a serious tyre manufacturer.

True, S. Kumars is not a group to be sniffed at. With group sales of over Rs 100 crores (some put it at over Rs 125 crores), it is the largest manufacturer of plain economy suiting material in India. It does have some interest in the manufacture of cycle tyres (Modak Rubber) fetching barely Rs 2 crores annually by way of sales; but that is evidently on its way out, dwarfed (and sidelined) as it is by the group's textile and yarn businesses. Daily production of 80,000 metres of fabric and 15 tonnes of yarn have fetched the group bigger annual receipts of over Rs 95 crores and Rs 5 crores respectively. But a tie-up with Michelin! Well, it was certainly unthinkable. At least till recently.

The tie-up with Michelin is surprising essentially because it is the French company's first ever collaboration in the world in its 106 year old history. That Michelin should choose India, and that too S. Kumars, as its first ever partner in the world, albeit with a technical collaboration, is therefore interesting to examine. Particularly because Michelin could have tied up with almost any group in India that it may have wanted to.

Michelin, with an annual turnover of over US $5 billion, after all ranks 91st among the celebrated Fortune 500. Besides having to its credit the invention of the radial tyre (this century's most significant technological alternative to the conventional cross ply tyre), it also boasts of having a 50 per cent plus share of the European market for all kinds of tyres and over 25 per cent of the US market for passenger car tyres, and that too after being priced 15-25 per cent higher than other tyres in the European market. With 54 manufacturing plants worldwide, Michelin is acknowledged to be the manufacturer of the widest range of tyres in the world, which are also acknowledged to be technologically the best. Michelin, in order to achieve a high level of integration and quality control, also produces some of the raw materials (including rubber) and machinery, and most of the components used in its tyre production. Moreover, it produces wheels and also publishes road maps and tourist guides.

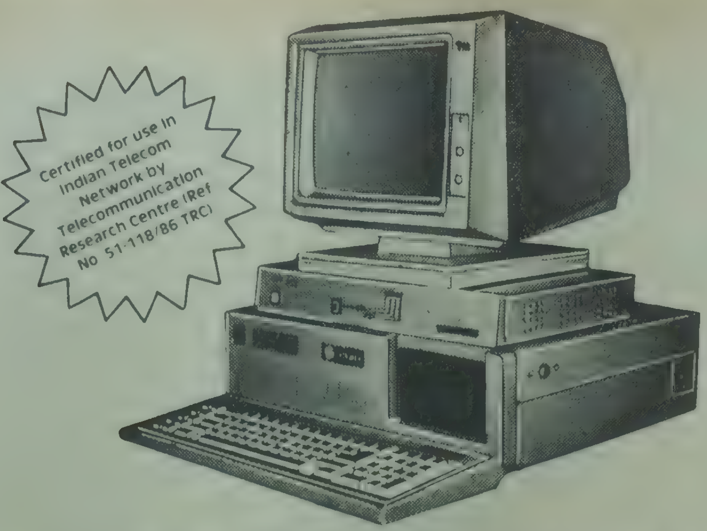
According to Vikas Kasliwal, the Harvard returned managing director of the new tyre manufacturing project, christened S. Kumars Tyre Manufacturing Co Ltd, "The project won't be a big one. Located at Akoliya in Madhya Pradesh, at a cost of Rs 5 crores, it will manufacture 6 lakh two and three wheeler, also animal driven vehicle (ADV) tyres and tubes annually. Production should commence by January 1988." As the agreement with Michelin makes clear, the collaboration will be essentially technical in nature. But adds Kasliwal, "Michelin's commitment to this project is enormous, evident in the fact that one of Michelin's senior personnel will be a member of our board."

While people at S. Kumars are obviously jubilant, at what they consider a coup, other tyre manufacturers are understandably not amused. Says Harsh V. Goenka, managing director, Ceat Tyres, "We don't see any reason for Michelin to come to India. For two and three wheeler tyres, no technical collaboration is really needed. It's just a waste of money." Other tyre manufacturers point out that Michelin's strength really lies in radial tyres and in formula racing tyres, not for ordinary crossply tyres that accounts for 98 per cent of the market in India. "In fact, we're surprised that the government even allowed a technical collaboration in this case," says another tyre manufacturer. "Had it been for automobile tyres it would have been understandable. But even there, only for crossply technology. That's why the Birlas opted for Pirelli of Italy for their Kesoram project, not for Michelin."

But then none of them satisfactorily answers why they too were having talks with, if not actually wooing, Michelin over the last two and a half years. In fact, bankers and tyre industry sources say that almost every large industry house interested in tyres from giant sized Larsen & Toubro, Ceat and MRF to relatively small aspirants like Ankur Tyres (Hyderabad) and Sri Chakra (South India) did have talks with Michelin at some time or the other, till Michelin shortlisted three: S. Kumars, Ankur and Sri Chakra as its possible partners. Quite obviously, producing 6 lakh tyres a year, estimated to rake in annual sales of just over Rs 10 crores (net of excise) in a market worth over Rs 1,270 crores a year, could not have been the only temptation for either Michelin or its suitors. The answers clearly lie elsewhere.

For Michelin, the need to expand its markets began to be perceived as a dire necessity two years ago. When it introduced radial tyres over a decade ago it caused the tyre markets to shrink suddenly (because radial tyres have double the life of conventional tyres). Simultaneously, large investments in the US, and (unfortunately) in Brazil resulted in a cash crunch for Michelin making the last two years particularly bad for the French giant. Compounding these shrinking markets was the group's philosophy of not setting up manufacturing bases wherever it could not have a 100 per cent equity stake in the venture (or at least a clear majority as in its Nigerian unit where it has a 60 per cent stake). This, in effect, prevented Michelin from setting up bases in eastern countries like India and China where some of the biggest market potential remained, as government policies often discouraged tyre companies from having a majority shareholding. With shrinking markets, it began to think in terms of getting there somehow.

At the same time, the S. Kumars' group found itself in a rut. After almost ten years of accelerated growth, it began finding itself in a bind. The problems begun in 1978 when in an attempt to expand capacity, the Kasliwals bought an ailing Shree Ram Mills in Bombay from the Bhogilals. "We could have turned it round, but got hit by the 18 month textile strike that affected almost every large textile mill in Maharashtra. Thereafter, our growth began faltering," explains Shambhukumar Kasliwal. By the time Vikas returned to India in 1979, the group decided to diversify. "We knew that tyres had enormous growth potential. So we knew that we had to either expand Modak's existing tyre business, or else start a new unit from scratch," says Vikas. "Learning from our experience with Shree Ram Mills, most of us opted for starting a new unit from scratch as turning round a weak unit is more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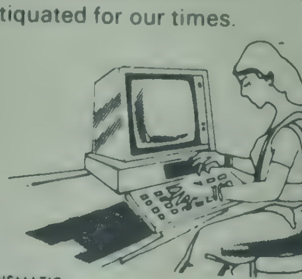

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Reflections/TS/402

The agreement

The following are salient features of the memorandum of understanding between S. Kumars and Michelin:

- Michelin will provide technical assistance on an ongoing basis for a period of five years.
- S. Kumars will not have exclusive rights to the technical know-how from Michelin. If the latter wishes, it can license another firm in India.
- S. Kumars will pay Michelin a lump sum of 1.5 million French francs in all (approx. Rs 7 lakhs) in addition to a 3 per cent royalty on net sales.
- The execution of a confidentiality and secrecy agreement, satisfactory to Michelin, will be essential to the continuing collaboration between the parties.
- Export of tyres from S. Kumars' unit in India is permitted to any country, excepting France, Spain, Italy and Nigeria since Michelin has a two-wheeler tyre manufacturing facility in each of these countries.
- Michelin shall have the option at any time in the five years to export tyres from India for which it will provide the moulds to S. Kumar. For the purpose of such a transaction, "Michelin should have the option to take either an equity participation in the capital of the company operating the plant or create a joint venture with the licensee on terms and conditions to be negotiated between the parties."

problematic than starting a new one."

As one medium scale manufacturer of two and three wheeler tyres and tubes in India remarks, "The Kasliwals had identified their strategy quite well. Because in 2-3 wheeler tyres and tubes there are just two types of manufacturers. The small ones for whom such business is a question of survival, and the large ones who begin manufacturing such tyres out of necessity (especially when there is a glut in the market for large tyres). Even though the small guys' tyres are 30 per cent cheaper than those of the latter, they don't sell easily." "We decided that a foreign collaboration was a must," confirms Vikas.

The Kasliwals had identified three possible partners ("medium scale ones, because we weren't sure that the big ones would even look at us," says Vikas) Pneumatiques Kleber of France, Metzler Kantischnk of West Germany and Stomil of Poland. In 1985 the Kasliwals went to Europe to meet them. As luck would have it Kleber turned out to be a subsidiary of Michelin and the latter had begun seriously thinking in terms of getting a toehold in the Indian market. The timing was just right; both groups' needs matched to a great extent, and, significantly, even before Michelin began shortlisting other Indian contenders, a memorandum of understanding had been signed, in September 1985.

Explained (the late) Mora, "We finally decided that we did not want a large existing manufacturer of tyres, or even any large company as our partner in India. Nor did we want someone very small. S. Kumars was just about right." Market analysts agree with Mora's view. Says one, "Having a large group as its partner would give Michelin less leverage. Secondly, existing tyre manufacturers were out because Michelin has always been too secretive about its technology, and all the big tyre manufacturers in India have connections with other big tyre manufacturers in the world, be it Sumitomo, Dunlop, Ceat, Goodyear or even Pirelli." Moreover, the two-wheeler market was, after all, the biggest growth area.

That Michelin is perhaps the most secretive tyre manufacturer in the world is a well known fact. Essentially a family owned company (headed by a man named Michelin), unconfirmed yet widely acknowledged reports have it that even General de Gaulle could not see the inside of Michelin's plants. Very conservative (bankers will tell of how even its annual reports are still printed on "waste paper" to cut on printing costs), its annual reports throw little light on its operations. Yet it has perhaps one of the best sales executive training programmes in the world. Marketing, especially at the retail level, is its forte — it was the first tyre manufacturer to sell tyres through supermarkets instead of just through garages. In S. Kumars, Michelin possibly found a miniature replica of itself.

S. Kumars is also publicity shy in respect of its business operations. Like Michelin, its strength also lies in the consistent quality of its products and excellent marketing at the retail level. Vikas does mention that Michelin was impressed by his group's string of firsts — "We were the first to go in for conversion of yarn to fabric, without having manufacturing units of our own on a large scale, first to pioneer the concept of authorised retail dealers, first to manufacture 100 per cent polyester and then spun sarees, and also first to sponsor programmes on radio and televison in India." All these factors, and possibly the timing — when it approached the French company — could have made Michelin give the nod to S. Kumars.

But what are Michelin's plans? Clearly, a six lakh tyre and tube annual capacity couldn't be what Michelin is looking at! As one banker, who knows a bit of how the French giant operates, explains, "Michelin is terribly conservative and cautious. So when it decided to collaborate for the first time, it was bound to be doubly cautious. That is why it decided to enter India in a small way." Other market analysts go a step further, "If you look at the S. Kumars-Michelin tie-up, you will note that it is non-exclusive. Michelin is free to tie up with others as well," says one analyst. Clearly, Michelin wants to see if S. Kumars can deliver, though chances are that it won't seek another partner unless it becomes necessary.

"If S. Kumars can achieve success, Michelin will go further," says another. "We won't be surprised if Michelin then proposes setting up a unit to manufacture 1-2 million tyres a year both for automobiles as well as for two wheelers. And possibly half of the production will be for exports to nearby countries." As Mora put it, "Michelin has always preferred setting up plants where 50 per cent of the production must have a domestic market. In India the market is there."

To questions about the possibility of setting up a larger unit, possibly with financial participation, Mora had merely said, "We will watch and see." But as market observers see it, the export angle is also what enticed Michelin to India. Significantly, the memorandum of understanding between Michelin and S. Kumars indicates each a possibility. "Michelin in its marketing worldwide found competition stiffest, especially in the area of two and three wheeler tyres, from Taiwan and Korea. By coming to India, it might try to grab a chunk of the eastern and south-eastern markets where little competition exists," says a banker.

By going in for the manufacture of 2-3 wheeler tyres in India, Michelin ensures that the technology secrets in respect of automobile tyres (accounting for over 95 per cent of its business worldwide) remain intact. Moreover, it also caters to the largest, and booming market segment in India. Through a technical collaboration in a small way, it hopes to assess its chances better. By keeping its options open (by making its tie-up with S. Kumars non-exclusive), it has not got itself tied down to one partner.

Significantly both Michelin and S. Kumars assert that they will position the tyres made in India for the replacement (read retail) market. Unlike other tyre manufacturers who try to grab a share of the OE (original equipment) market, S. Kumars (like Michelin) will bid first for retailer and customer pull. S. Kumars success with fabrics shows that it can do this amazingly well. "Like Michelin, we will price our products higher than the market average. Going in for price wars will only harm us," says Vikas. "Michelin's tyres are acknowledged to be the best in the world. And we hope to sell them well." Whether S. Kumars can please a demanding Michelin remains to be seen.

R. N. BHASKAR

CERAMIC TILES

A fiery growth

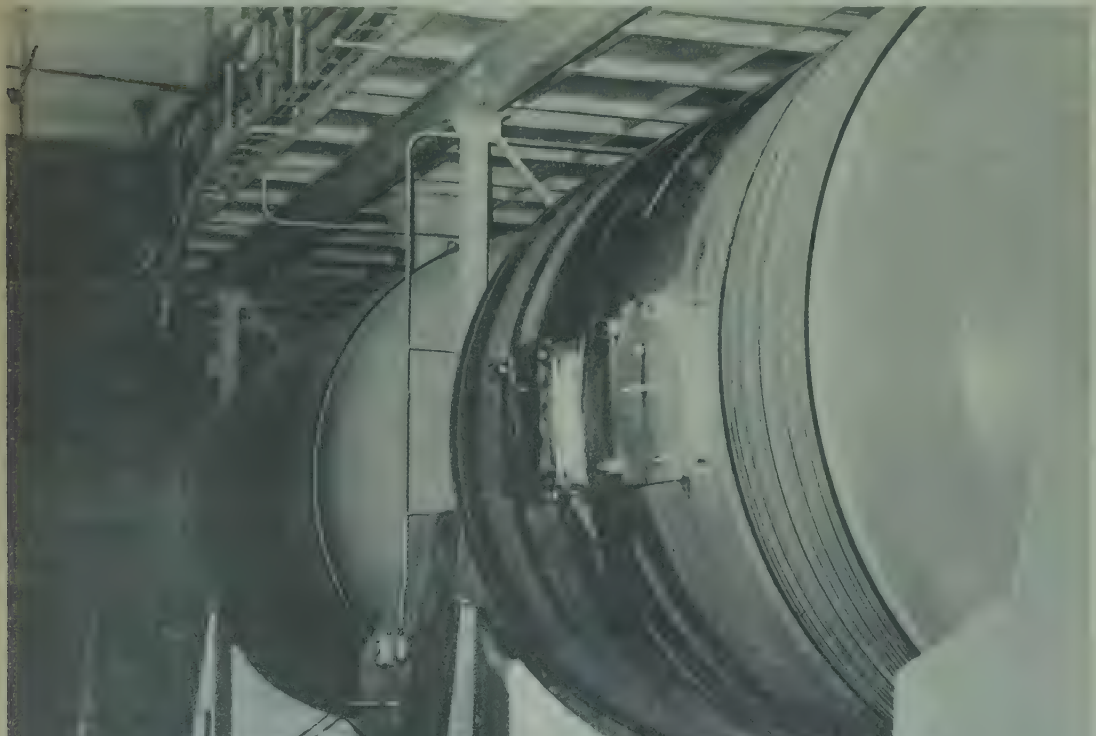
The 30-year-old ceramic tiles industry is undergoing a rapid expansion today with the introduction of a completely new technology and a new product — ceramic floor tiles. Four new units are already in the fray and many more are readying to get a foothold in the booming market

Krishna Prasad: manufacturer of the first ceramic floor tiles in India

Two years ago, a US-based non-resident Indian, T. Krishna Prasad, produced the first batch of ceramic floor tiles in a plant at Narasingapuram, in the Chittoor district of Andhra Pradesh. With that, a new era dawned in the Indian ceramic tiles industry. The tiles that Krishna Prasad produced used a new "single firing" technology that marked a quantum jump over the 50 year old 'double firing' process.

Until recently, the glazed ceramic tiles produced in the country were suitable only for the bathroom and kitchen walls. The conventional double firing process, with a large manual component, made it extremely difficult to manufacture floor tiles which are thicker, larger and heavier than wall tiles. But the new technology that Prasad's company, Spartek Ceramics (I) Ltd, introduced in the country, in collaboration with Ceramic US of USA and Sacmi of Italy, now makes it possible to manufacture ceramic tiles for floors too.

Clearly, the hitherto low profile ceramic tiles industry is undergoing a metamorphosis. Until recently, there were seven units, but the big two — H&R Johnson and Somany Pilkington — dominated over three fourths of a market that was limited in size. With the opening up of a large, new market by Spartek just two years ago, another three manufacturers have already come in. A dozen other firms hold letters of intent, and at least half of them have begun to implement their projects. "In the next couple of years, there will be at least eight firms in the fray," says D. A. Kotian, managing director of the Bombay-based H&R Johnson (I) Ltd, the largest manufacturer of ceramic tiles in the country. "So the competition is really going to hot up."



The ball mill where the raw materials are mixed

According to G. N. Naidu, managing director of the Hyderabad-based Regency Ceramics Ltd, the second company after Spartek to begin the manufacture of ceramic floor tiles, in collaboration with Welco of Italy, the new, fast (or single) firing technology has brought down the firing cycle from 52 hours to an average of just one hour. And since the single largest component in the production cost of tiles is fuel consumption, the new technology has lowered production costs by 40 per cent on this count alone. Moreover, the highly automated nature of the new process reduces labour costs by two-thirds and enables the manufacture of thicker floor tiles that are three to four times heavier than the conventional wall tiles. Besides, the greater precision raises the "first quality" rate to 80 per cent against 60 per cent in the conventional process.

"With the new technology has come a new product and a new market for us," says K. Seshagiri Rao, executive director, Regency Ceramics. The "new" market Rao talks about is the existing market for conventional flooring materials such as Sahabad and Kota stones and grey cement tiles at the lower end, cement mosaic tiles in the middle and marbles and granites at the upper end. Stones and grey cement tiles cost around Rs 4 to Rs 5 per square foot, cement mosaic tiles between Rs 8 and Rs 12, and marble above Rs 20. According to Vivek Talwar, director of Bombay-based Nitco Tiles Pvt Ltd, the largest manufacturer of cement tiles in the country, marbles and stones together account for only a tenth of the flooring market with the balance more or less equally divided between mosaic tiles and grey cement tiles. In terms of price, ceramic floor tiles are positioned between mosaic and marble tiles, costing between Rs 15 and Rs 18 per square foot.

Says T. V. Chowdary, marketing director, Regency Ceramics, "We are cutting into both the middle and upper end of the market and particularly into mosaic tiles." According to Chowdary, despite their higher cost, ceramic floor tiles have a number of "distinct advantages". For one, an almost endless number of colours can be reproduced. (Spartek and Regency, the two big companies, each claim to offer 36 colour options.) For another, these tiles are scratch, stain and damp proof as well as anti-slip. Though fragile as a single tile, these form a tough and strong surface when laid out on the floor. Besides, unlike mosaic tiles and marbles, ceramic tiles are much easier and faster to lay because they are smaller in size and weigh just one third of mosaics and marbles.

The market response to Spartek tiles shows that these are not tall claims. In the very second year of operation (ended June 1987), its sales volume shot up by 71 per cent to 16,280 tonnes and turnover by 122 per cent to Rs 14 crores. Says Ajit Adalja of Tiles India, the largest dealer for Spartek tiles in Bombay, "On an average, our sales have gone up four times compared with last year and the demand is so pressing that, except for a few well-known parties, we now insist only on cash sales".

Regency Ceramics, which entered the market only at the beginning of this year, is also reported to be faring well, although its 25,000 tonne plant is operating only at 50 per cent capacity for want of power. "We expect to use our full capacity from September onwards," says Naidu. "Our turnover ending March 1988 should be around Rs 10 crores." Share prices of these two companies are also ruling high in an otherwise slack market. While the Spartek equity is currently quoted as high as Rs 120 (face value: Rs 10 per share), Regency quotes at Rs 30. The other two floor tile companies that came up quickly after Spartek and Regency are H&R Johnson (plant: near Indore, MP) and the Madras-based Neyveli Ceramics, the manufacturer of the well-known "Neyer" brand sanitaryware.

The sales of ceramic floor tiles are mainly concentrated in urban areas. The tile manufacturers have created general awareness of their new product with a heavy dose of press advertisng. Spartek has also gone in for TV advertising recently. These companies are backed-up by direct contact with leading builders and architects. "A direct approach always pays because the number of large, well-known builders and architects in different cities is not very large," says Chowdary of Regency. "But they purchase in bulk." So far, the manufacturers have concentrated mainly on the Bombay market followed by Delhi, the two cities where the construction business is booming. For instance, Bombay accounts for 40 per cent of the sales of both Regency and Spartek.

Builders and architects contacted by *Business India* in Bombay agree that ceramic floor tiles have a lot of advantages. Says Niranjan Hiranandani, managing director, Hiranandani Construction Pvt Ltd, "The new ceramic tiles are far superior to any conventional flooring material. They are easy to lay, no polishing is required, and the floor is ready for use just the next day." He further adds that ceramic tiles are bound to catch up with the other popular flooring materials soon.

The glaze being prepared in a drum

Well known architects in Bombay also express a similar view. But they are critical of the lack of uniform size and colour of the ceramic floor tiles and the frequent non-availability of the required colour and quantity. Many in the profession also feel that if ceramic tiles are to compete effectively with alternative materials, their price must come down.

The tile manufacturers agree that prices are high. But they blame this on the high taxes levied by the government. "How many consumer products in the country attract excise duty as high as 50 per cent?" asks Naidu of Regency. "Even colour TVs and refrigerators attract much lower rates." Moreover, with further tax add-ons like sales tax (as high as 15 per cent in some states) and octroi, the total duty burden often works out to as much as 75 per cent of the ex-factory price. "Ceramic tiles replace cement, an essential, price controlled commodity," says Naidu. "So why tax them so heavily?" The government, however, appears to think otherwise. It seems to consider ceramic tiles a luxury product for the affluent. And the glossy advertisements of the manufacturers, which emphasise their decorative value, can be of little help in dispelling such a notion!

Clearly, the industry would have grown much faster if the excise was somewhat lower. This is particularly so in the case of ceramic *floor* tiles which compete with mosaic tiles that are manufactured only by small scale units, and attract no duty at all. Nevertheless,

Ceramic tiles: new entrants

Company	**Capacity (tonnes)**	**Collaborator**	**Remarks**
Bell Ceramics, Gujarat	20,000	SITI of Italy	Project likely to be commissioned in the first quarter of 1988.
Kajaria Ceramics, UP	12,000	Todagres of Spain, machinery from Sacmi of Italy	Project likely to be commissioned by end 1987
Nitco Tiles, Maharashtra	20,000	Not decided	Applied for CG clearance for imports
M.G. Mittal & Co, Maharashtra	20,000	Not decided	In the process of applying for CG clearance
Metlex Ceramics, Haryana	10,000	NA	A new project but no further information available
Muddeshawar Ceramics, Karnataka	NA	NA	New project but no information available

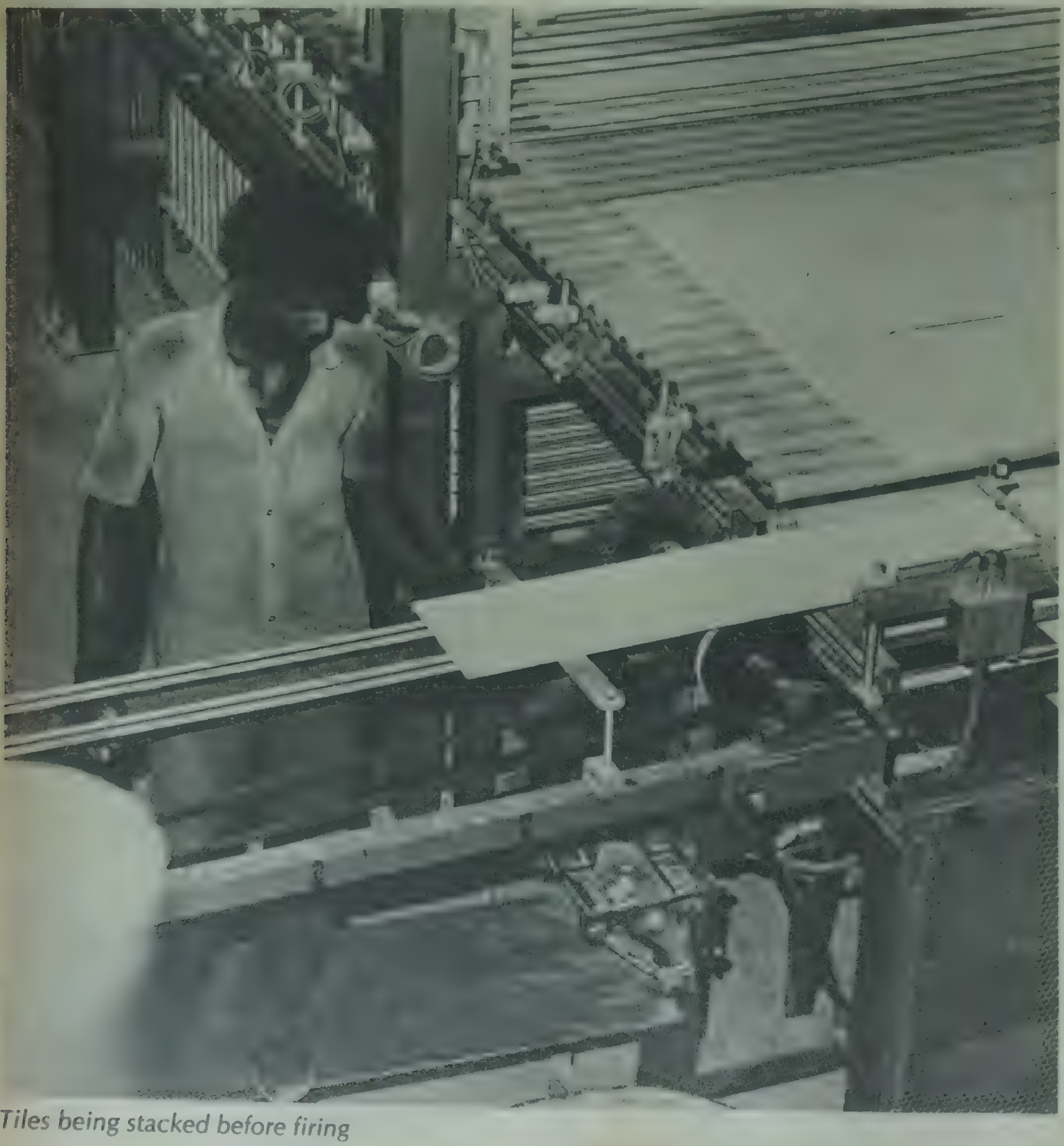
there still exists a huge growth potential. Although no authoritative estimates are yet available on the size of the total market for flooring materials, a rough estimate prepared by K. Sankaran, manager (new projects), Nitco Tiles places the national demand to be around 200 million square feet in the middle segment, where ceramic tiles are going to compete with mosaic tiles. Applying an average rate of Rs 10 per square foot (which is the average price of mosaic tiles), the size of the market in terms of value works out to at least Rs 200 crores. Moreover, unlike the conventional ceramic tiles, the new tiles can also be used on the walls of living rooms, drawing rooms and even building exteriors. "In fact, these tiles are used more on the walls than on the floors in the West," points out Sankaran. "And this trend is fast catching up in India too."

But the current production of the four manufacturers is around Rs 40 crores a year. The government's decision in March 1985 to de-license the ceramic tiles industry has also helped a lot. Not surprisingly, there is hectic investment activity. Spartek is more than doubling its capacity from 12,000 tonnes to 26,000 tonnes. Regency has definite plans to expand its present capacity by another 14,000 tonnes next year. H&R Johnson's 30,000 tonne plant at Dewas in Madhya Pradesh can make 12,000 tonnes of ceramic floor tiles. It is now being scaled up to make an additional 5,000 tonnes. There are also at least half a dozen new entrepreneurs in the wings (see table), of which the Bell Ceramics and Kajaria Ceramics projects are at an advanced stage of completion.

What is more, two big brothers of Indian industry, Indian Rayon and Asian Paints, also plan to enter the fray. The former plans to put up a 8,000 tonne ceramic tiles plant in UP in collaboration with SITI of Italy. "We have already applied for a capital goods clearance," says Anand Rathi, president of Rajashree Cement, a division of Indian Rayon. And Asian Paints is "seriously thinking" of getting into this business, according to Atul C. Choksey, managing director.

All the new entrants are quite optimistic. Some of them expect their association with the construction industry, in one form or other, to give them the required leverage. Says Vivek Talwar of Nitco, "Having been in the floor tile business for so long, we know all the builders and architects very well which should make the job of selling floor tiles easier". And Badal Mittal, a director of the leading Bombay-based construction firm, M.G. Mittal & Co, say that "25 to 30 per cent of our production will be for our own captive consumption". Similarly Asian Paints and Indian Rayon, are familiar with the paints and cement markets respectively, both closely related to the construction business.

Naidu: "... the new technology which made all the difference"



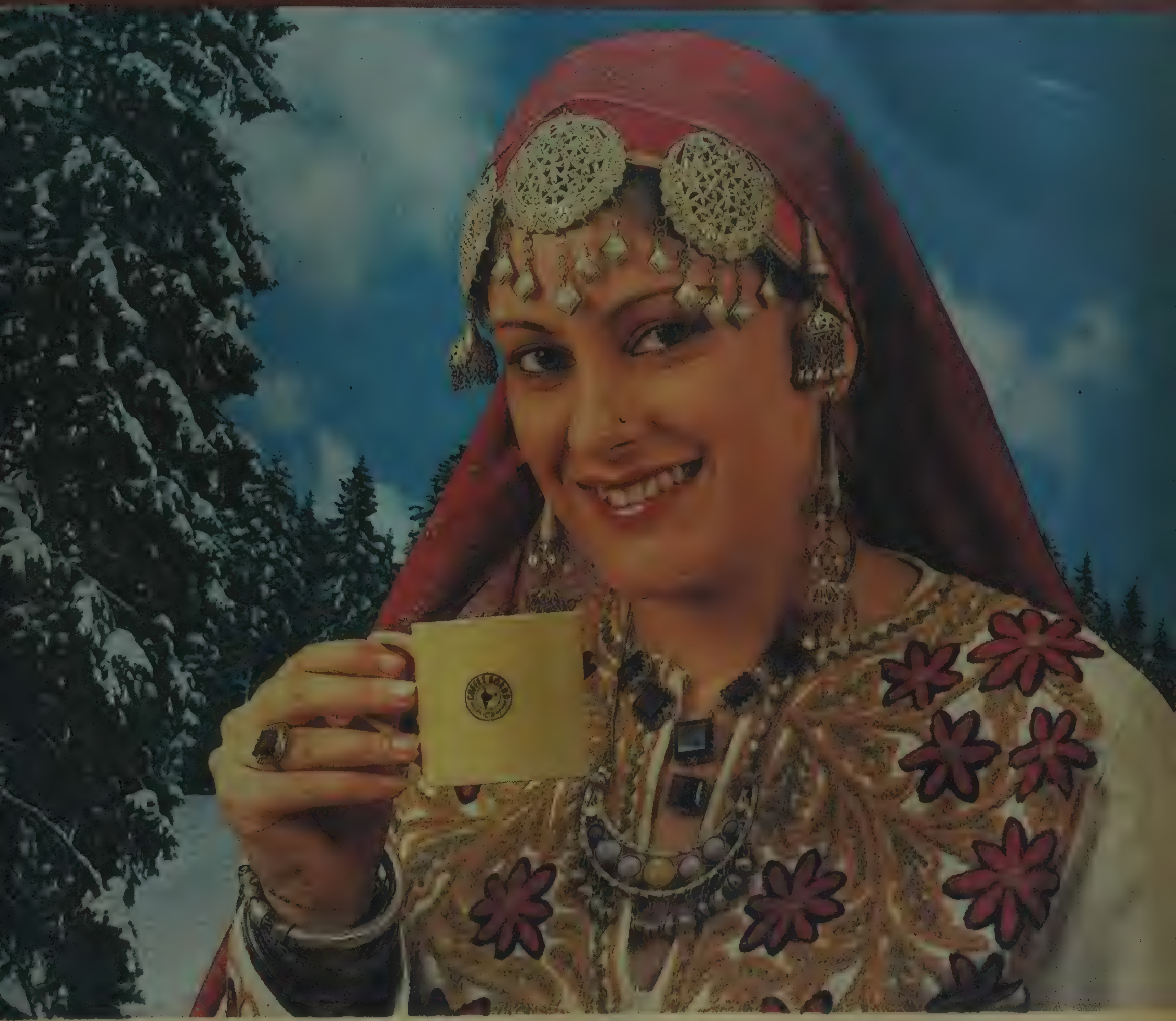
Tiles being stacked before firing

But while the prospects in the domestic market seem to be unlimited, the export performance of the new breed of tile manufacturers has so far been poor. Regency Ceramics, which was originally conceived as a 100 per cent export oriented unit, drew a total blank in the export market. This forced the government to bring down the export obligation to 30 per cent. Similarly, Spartek's export obligation was brought down from 60 per cent to 10 per cent as the company failed to export. What went wrong? "By the time we came up, prices in the international market went down by half," explains Regency's Naidu. "With the crash in oil prices the Gulf market virtually disappeared and Italy moved in to fill the vacuum — it flooded all the other markets." But with the recent improvement in world oil prices, Naidu is hopeful of the gulf market's revival.

No doubt, the ceramic tiles industry is in for exciting, and turbulent, times ahead. With so many competitors in the fray, all cannot succeed. Many will fall flat on the floor. But consumers for once will get a good deal — a wider range of products to choose from at competitive prices.

DILIP MAITRA

Meet this South Indian



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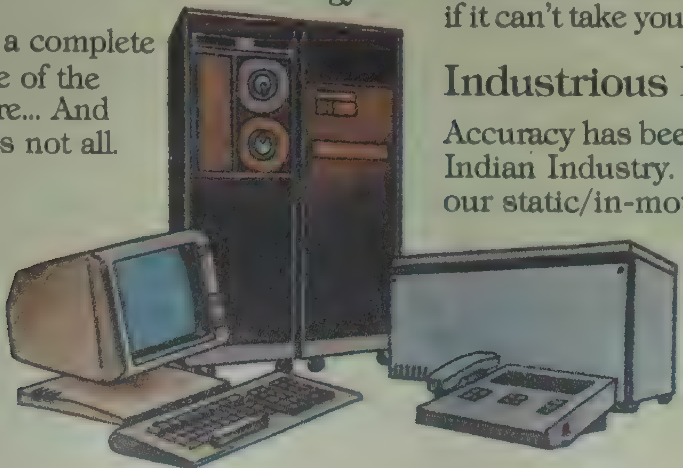

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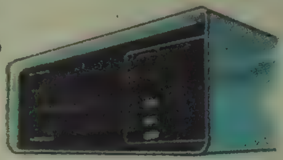

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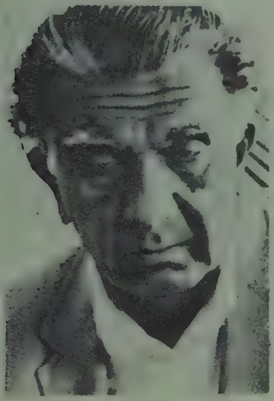
Overview by Romesh Thapar



Another bunch of economic thoughts

(This column was perhaps the last piece Romesh Thapar wrote before his death on 22 August.)

A document is circulating in the higher echelons of the Government of India. Its authorship is anonymous, but it has an unmistakable "leftist" flavour. It is another bunch of economic thoughts ostensibly designed to pull the economy out of its many crises, but very much a mix of familiar cliches, dressed up differently, and used to extend the powers of a highly centralised system.

The authors are simplistic in the extreme. Growth, apparently, has been oriented to get at "high-tech" from the USA, and to placate the World Bank and IMF. It has alienated the productive capitalist, the patriotic intelligentsia, the working people and the poor, and, of course, harmed the Congress(I) and the prime minister.

This concern for the Congress(I) and its leader is obsessive in the document. Mention is made of the "progress" registered in the times of "Panditji" and "Indiraji" — yes, in 1955-62 and then during 1969-75. The desire to get a toe-hold through political realignments is stressed again and again, and there is this inane sentence: "It will not substitute or supersede ongoing programmes but will have to be accorded priority and be time-bound at least as far as getting going is concerned."

A package is called for: a programme to motivate Congress(I) workers; "win over the masses"; and "weaken the parasitic and destabilising forces". The authors seem totally oblivious of the fact that the organisation they are addressing, together with its leading cadre, is precisely the element that is responsible for ravaging and betraying the country.

Incredibly naive charges are listed: Emphasise the role of taxes in raising resources. Announce the withdrawal of the Planning Commission's note on industrial policy. Withdraw labour legislation. Change the economic experts in the PM's secretariat and induct persons who will increase the PM's popularity among the masses. Give greater prominence to the Economic Advisory Council and its chairman. Politicise the Planning Commission. And then follows the usual rhetoric about programmes for the rural poor and the urban working people.

Stupidity or cupidity reaches its heights in several sentences. "Aim is to give to the deprived without angering the productive rich and also stepping up agricultural production." "Anti-usury crackdown along with increased credit through the banking system and at different interest rates." "Implementation in selected areas of minimum wages for agricultural labourers so as to have demonstration and multiplier effects". "Linkage of provision of inputs with pre-empted guarantee purchase of major crops in case of poor and marginal farmers".

Of course, there is the bland plea for strengthening planning and the public sector as if this is a brilliant new idea. We are urged to plan for the public sector "as a system" and accord it priority in terms of resource-raising and investment "as recommended by the Economic Advisory Council". Then follows the demand: "Implement the Arjun Sengupta Report" — yes, with this particular gentleman sitting in the IMF at the moment! And what else? Worker participation in management and "training institutes for that purpose".

Protection and preference are demanded for "patriotic and productive" industrialists, investors, including NRIs as against multinationals — and "more incentives for investment"in public sector bonds. At the same time, "re-introduce estate duty, introduce wealth-expenditure-gift tax scheme of Kaldor", but "no increase in income-tax rates". Also "sharp reduction" of excise duty on goods figuring in the consumer price index and "sharp increase" on luxury consumer goods.

Everyone from Right and Left keeps mouthing the cliches of yesterday when these have been busted by costly experience. We are hooked on to vested interests wanting to preserve a shameful *status quo*

The "people" need "relief". No cut in subsidies. Hold prices of goods and guarantee availability. Reduce prices of gadgetry needed by middle classes — transistors, watches, pressure cookers, stoves, medium-priced shoes, cloth, and black-and-white TV. Extend midday meals and make girls' education free. Yes, these reliefs follow exactly in this order.

All kinds of blanket policies, one contradicting the other, are suggested — policies that have in the past failed and also generated widespread corruption. We are at the same time asked to intensify "the struggle" for the New International Economic Order and non-aligned co-operation. A last plea: "A dramatic crackdown on smugglers." Structurally, we are expected to immediately realise dues from "over-charging multi-national drug companies" and the "nationalisation of defaulters". This passion to nationalise covers the junk areas of cotton textiles and jute, but we are asked to selectively convert loans from public financial institutions into equity with government representation and control of such companies.

As if all this ballyhoo were not enough, the Congress Working Committee and AICC is asked to make this package a programme sponsored by the prime minister. He is also to "monitor" this mess with Congress(I) and sympathetic progressing and implementation is to be concentrated in the heartland — Uttar Pradesh, Bihar, Madhya Pradesh, Rajasthan and Delhi.

The trouble with these supposedly anonymous "notes" is that they play havoc in the intellectual vacuum that exists in the command post of Congress governance — the prime minister's secretariat now blown up to enormous proportions. Indeed, the rest of the government of India is a kind of post office directing all questions to the leader of leaders.

More than ever, it is necessary to take up the gut questions of our economic structures and perspectives and have them thrashed out in public debate, between political formations, on public platforms on radio and TV. We are tangled in too many myths, and lazily live with them. This could become a scenario of disaster, and particularly when the repercussions of the drought become all-pervasive and continental.

Everyone from Right and Left keeps mouthing the cliches of yesterday when these have been busted by costly experience. We are hooked on to vested interests wanting to preserve a shameful *status quo* — yes, even to the extent of fudging statistics or interpreting them in such a way as to excite those who pretend to rule. The fraud we are perpetrating on our people needs a sharp focusing before chaos takes over. ☐

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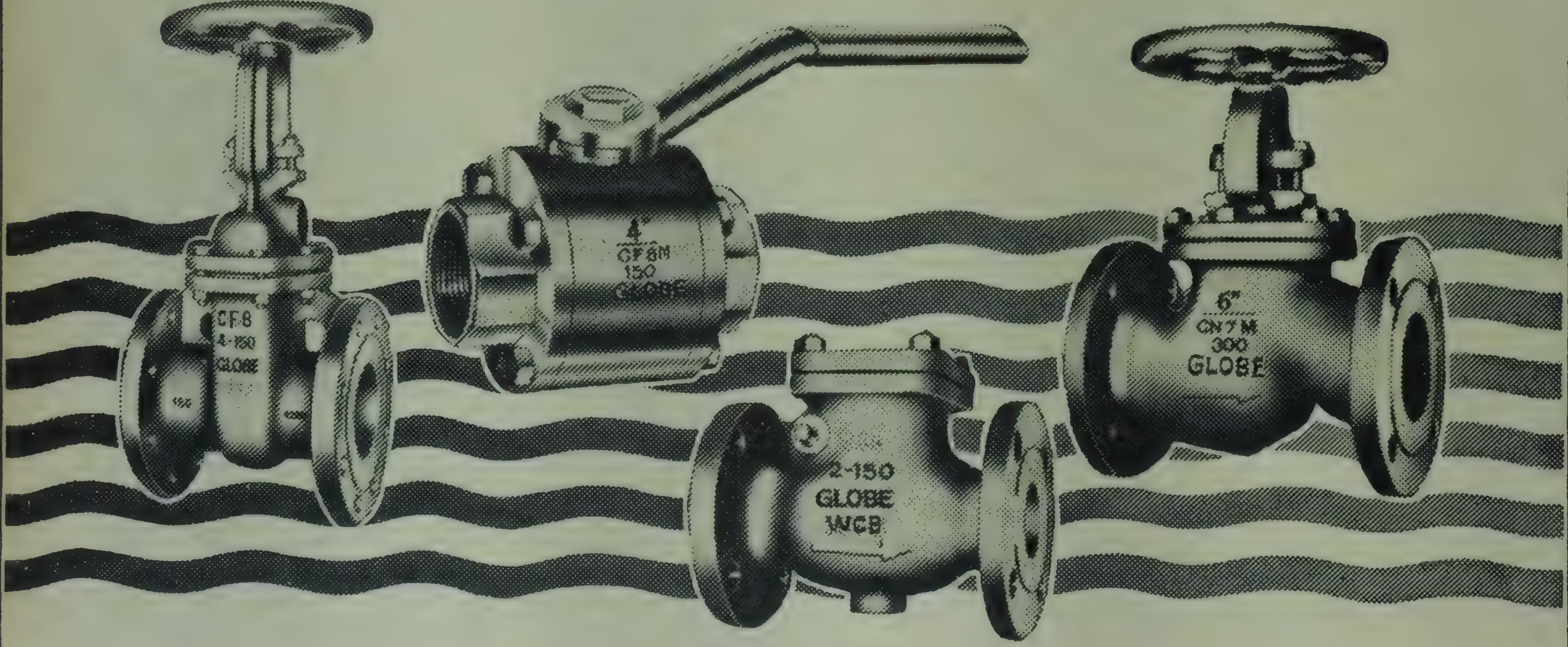

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Loan politics

Devi Lal's action raises issues

Devi Lal: thrown down the gauntlet

On 10 August, Haryana chief minister Devi Lal announced the remission of loans granted to the state's small farmers, rural artisans, landless labourers and other economically weaker sections of society. With this announcement, he honoured a promise made during his election campaign.

This move, which will benefit 7.5 lakh borrowers, involved a total of Rs 227.51 crores granted by commercial banks, co-operative banks, the state's social welfare department, as well as its three corporations. The commercial banks, which are neither owned nor controlled by the state government, are being called upon to sacrifice Rs 146 crores given to 4.20 lakh borrowers, mostly from the rural and semi urban areas.

Though most of the beneficiaries will enjoy almost total exemption from the loans, 12,000 tractor owners will enjoy a relief of Rs 10,000 on their outstanding loans.

While the central government has chosen to more or less maintain a studied silence on the issue, R. N. Malhotra, governor of the Reserve Bank of India, has taken a tough stand, stating that no authority other than the commercial banks themselves can write off their loans. According to the RBI chief, a write-off of any specific loan is permissible only if all avenues of recovery have been exhausted and "there can therefore be no question of the commercial banks writing off these loans by deviating from the prescribed norms and procedures."

In fact, even in June 1987 when the proposal to write off the loans was first made, Malhotra had held out the veiled threat that such a move, if implemented, might "inhibit the lending agencies in their future activities in the state".

Anything that prevents the recovery of loans made by banks will lead to further defaults and may seriously constrain fresh lending by banks — and even by state agencies and co-operatives. This will adversely affect the rural community and perhaps the entire credit system not only in Haryana but in other states as well.

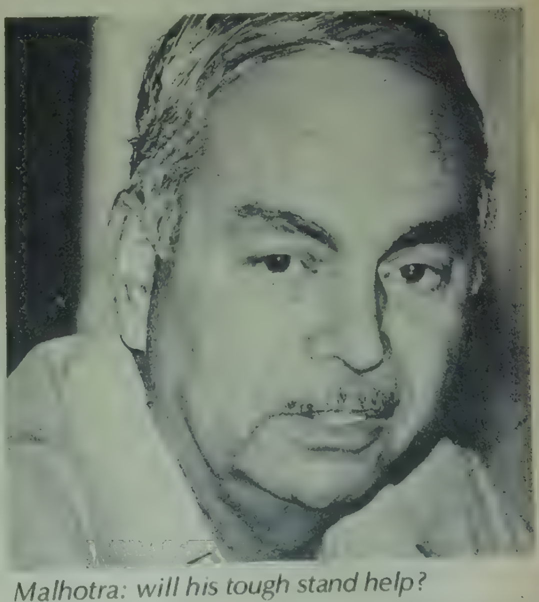
Thus the banks, especially the commercial banks, and the Haryana government are set on a collision course. The deputy chief minister of Haryana has claimed that the loans in question are "dead debts", that the borrowers are in dire straits, and therefore the dues are eligible for remission or waiver, under the crop insurance scheme and credit guarantee scheme of the RBI.

Clearly, Devi Lal has taken a highly irresponsible and imprudent step that will damage financial discipline as well as the whole system of credit dispensation and loan recovery. It is, however, a confrontationist move that may prove to be popular with his electorate, and thus, the commercial banks may find themselves set against not only their borrowers but also against an unsympathetic public and unco-operative state machinery.

While Devi Lal's action cannot be supported, it is of a piece with what has been practised by every politician, right from the prime minister down, in this country. According to the chairman and managing director of a public sector bank based in the South, when the finance minister of Tamil Nadu introduced the midday meal scheme for schoolchildren in 1982, the step was totally beyond the state government's financial capacity. Like Devi Lal's loan remission move, the scheme was financially irresponsible though politically popular. No political party found it possible to oppose a scheme intended to feed schoolchildren. Not even the otherwise vocal intelligentsia criticised it.

The reactions to Devi Lal's move too are guarded but varied. Some bankers express dismay; others are more cautious or simply resigned.

The executive director of a Bombay based public sector bank said, "We should be quite clear why we are for or against the scheme.



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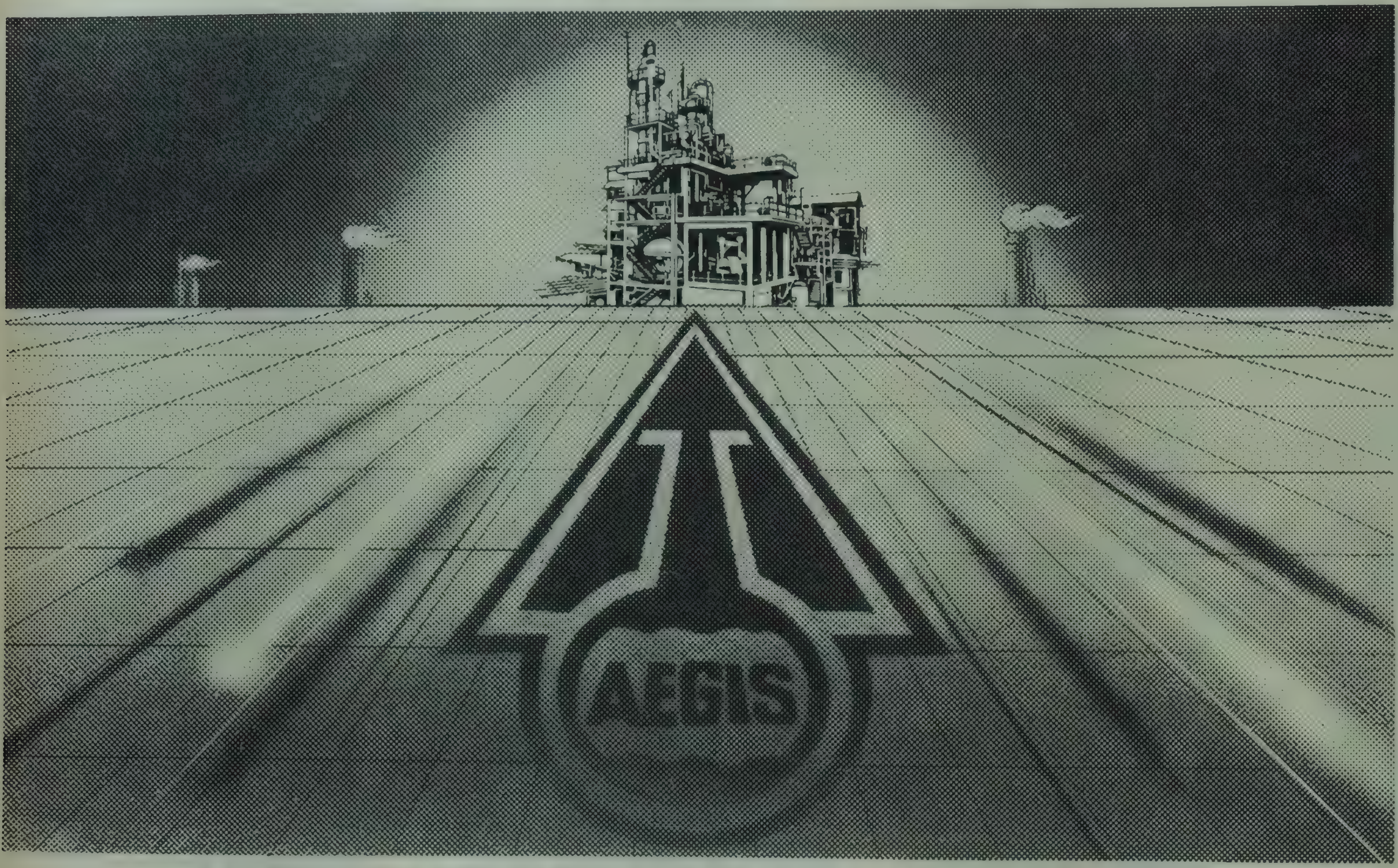

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Gandhi: he's done it himself

Are we against it merely because it benefits a particular section of society or because it is an irresponsible step involving financial indiscipline? Or are we against the step because it is initiated by a state government controlled by a party other than the one ruling at the Centre?"

He felt that all politicians have been indulging in populist measures at the cost of the public exchequer. Why censure Devi Lal alone? Besides, one set of politicians will always condemn another set for irresponsible, but populist, financial measures.

Yet another executive director of a leading public sector bank supported by one of his general managers, quoted the six to seven per cent concession in interest granted to large sick industrial units on a large part of loans granted by commercial banks. They estimate that today banks are losing close to Rs 300 crores annually owing to such interest concessions granted to medium and large sick units. What is more interesting, they pointed out, is that when such concessions are granted, banks do not even stipulate that on a successful turnaround, the borrowers should compensate the banks for the loss of interest income, as a result of the concession. While the cases of turnaround are few and far between, and, therefore, one could take the view that such a stipulation would have only theoretical relevance. The whole question of relief and concessions to large sick units is being handled casually, rather than in a hard-headed , practical manner that would expedite the closure of sick units.

In the view of these two bank executives, the loan remission by Devi Lal is irresponsible and reprehensible because a massive benefit will be passed on at public cost to those who have already siphoned off and misused bank funds. They also expressed their deep suspicion of the various rehabilitation schemes of the financial institutions which are being offered to large industries on the most favourable conditions, they condemned the "despicable financial irresponsibility" on the part of the central government which has prompted these relief packages, mostly for political reasons and patronage.

A professor of economics at a well known commerce college in Bombay pointed out that close on the heels of the Tamil Nadu government's midday meal scheme, AP chief minister N.T. Rama Rao had also introduced a midday meal scheme which collapsed in 1985 owing mainly to lack of resources, a lack that was apparent even when the scheme was introduced. He also recalled that Karnataka chief minister Ramakrishna Hegde had undertaken free distribution of sarees and blouse pieces at state cost; N. T. Rama Rao introduced highly subsidised sales of rice; prime minister Rajiv Gandhi had announced a largesse of Rs 100 crores to Maharashtra and about Rs 400 crores to Jammu and Kashmir. In the professor's view, these are all glaring illustrations of financial indiscipline perpetrated by political leaders of different parties in command of state authority.

It may be pertinent to recall that in 1985, Orissa chief minister J. B. Patnaik had granted remission of Rs 500 lakhs and in 1986, MGR had remitted interest on loans to Tamil Nadu agriculturists which reportedly made a dent of over Rs 100 crores in the state finances.

So what Devi Lal has done is not unique. He has just taken financial indiscipline a step further in the arena controlled by the central government which owns the public sector banks.

In the opinion of yet another banker, the RBI governor's statement that no authority other than the commercial banks themselves can write off their loans amounts to a mere argument. Malhotra is talking about technical grounds and techniques about remission — not about the substance of financial indiscipline indulged in and practised by almost every political party in power.

Devi Lal has thrown down the gauntlet because possibly he refuses to accept the sole authority of the central government on the working of the public sector and commercial banks.

Informed opinion in the banking industry would seem to be that the central government and the RBI would have to eventually come to terms with the reality of the challenge posed by Devi Lal, and a modus vivendi will be found to accommodate the substance of the concession announced by him for the benefit of the disadvantaged in his state.

Devi Lal's move has highlighted two issues in the main: first, how to curb financial indiscipline on the part of the political parties in power at the cost of the public exchequer, and secondly, whether state governments should have any role in the management and functioning of public sector banks.

A senior politician of Maharashtra suggested that the best way to tackle such problems would be to organise an inter-state council to deal with such issues and also grant autonomy to the central banking authority of the country and vest it with the requisite powers, which would hopefully enable it to function independently.

OUR BANKING CORRESPONDENT

NABARD

Unutilised funds

A sum of Rs 20 crores is lying unused in the research and development fund of NABARD, according to P. R. Nayak, chairman of the bank.

He lamented that NABARD had not received enough proposals for funds for agricultural research.

Nayak made these remarks while inaugurating the agricultural project consultancy centre of Canara Bank recently.

Commenting on these disclosures, the head of a major bank's agricultural finance division stated that unless NABARD develops a strong marketing orientation as a funds-related service organisation, it is unlikely to find seekers for plans and programmes for funding research activities.

In a country like India with a network of agricultural universities, many with a strong research orientation, it is regrettable that funds earmarked for research and development are going abegging. Either there is something wrong with NABARD's project for financing research itself, or the manner in which NABARD goes about marketing it is hamhanded. Perhaps it is the latter.

Besides giving wider publicity to its plans for financing agricultural research, NABARD should seek the help of banks as well as agricultural universities to locate research projects and support them with funds.

An agricultural finance officer stated that it would be more appropriate for NABARD to support research on a wider plane relating to the myriad issues connected with rural areas, rather than restrict its programme to agricultural research. Even social research relating to farming communities would be relevant because it would strengthen the banks as well as NABARD in helping the agricultural sector. One of the issues suggested by him is a numerical credit rating system for small loan applications from agriculturists.

There is a definite need for a change of orientation in NABARD, at least in the matter of using funds earmarked for research.

A CORRESPONDENT

CORPORATE TAKEOVERS

Cheating on FERA

The reported takeover of Chloride India is the latest in a kaleidoscope of takeovers that the corporate sector has been witnessing since the mid-seventies.

Many well known Indian corporations have gone through the takeover process. There is something unique about the spate of FERA company takeovers during this period. In these there is often no formal transfer of shares. Sometimes the true identity of the buyers is not known. In the shareholders' register of the Indian company, the names of the foreign shareholders remain unchanged. And yet it is all too obvious that a new group of top corporate managers has assumed control.

The 'raiders' choose their target companies meticulously — examine their balance sheets and shareholders' register, calculate the market value of the assets of the company and the nominal value of the shares held by the controlling group, and thereafter plan a strategy.

They normally identify poorly or indifferently run companies and then mount an action plan to gain a controlling interest. But at times, even well-run companies become their targets. The strategy is usually a combination of open market purchase of the target company's shares, and negotiating purchase of block shares from controlling groups including the foreign shareholders.

Sometimes they buy a large block of shares in a company whose management gets frightened and buys these shares back at a higher price just to get rid of the raider. At times the raiders join hands with non-resident Indians. In some cases the non-resident raiders and the resident raiders end up on opposite sides. Financial institutions which usually hold big chunks of shares in these companies are wooed by both sides. Also, ordinary shareholders are carefully cultivated by both sides prior to the shareholders' meeting. Often the true owners do not seem anxious to show their hand. None knows the purchase price, or the consideration for which year after year the nominal foreign shareholders send proxies for some Indian or non-resident Indians who get elected to the company board or are appointed to key posts and run the show. Similarly the source of funds used to take over the company is not known.

The transactions often take place in foreign countries under foreign laws, outside the purview of Indian laws. Thus all our FERA requirements, all the regulations of the Reserve Bank of India, all the requirements of the formidable MRTP Act, are nearly by-passed. And so are the requirements imposed by the recently introduced provision in the Stock Exchange listing regulations (Clause 40) introduced at the instance of the central government some time ago on the lines of the City Code, London. Under the clause any party taking over a block of not less than 25 per cent of the shares in a company must make an offer to buy the shares of the other shareholders at the same price at which this block is being purchased. Take the case of Genelec: according to newspaper reports, only 22.5 per cent of GEC's 33 per cent holding in Genelec are being purchased by the takers, an obvious ruse to gain controlling interest while avoiding the obligation to make a comparable offer to other shareholders.

The rigidity of India's laws and policies and the procedural complexities of transfer of foreign-held shares in Indian companies have contributed to and hastened the development of these behind-the-scene takeovers. And the Foreign Exchange Regulation Act 1973 has unwittingly facilitated and accelerated this process.

Before FERA, the Indian subsidiary's working results could be incorporateed into the balance sheet and profit and loss accounts of the parent company. But after the parent company's shareholding went below 50 per cent, the Indian operation could only be clubbed with all other miscellaneous investments as portfolio investments. Thus the shareholders of the parent company lost direct interest in the Indian operation, enabling the management to dispose of shares in the Indian company with ease and without going through the complicated procedures for disinvestment from a subsidiary.

The time has come for a look at the efficacy and adequacy of the existing regulations dealing with foreign investment. The number of FERA companies which stood at around 800 in 1974 came down steeply to 186 in 1981 and 142 (including 84 subsidiaries) by 1985 and is down to around 100 at present. This is a matter of some concern

The loss of subsidiary status also meant that no longer would the parent company pass on its closely guarded technology, know-how or information system to a mere foreign affiliate where others held 60 per cent shares. There was an ever present risk of control passing on to others, and with that its own closely guarded technology, patents or business secrets passing on to competitors.

Thus there was a steep loss of interest in the Indian operation. And when Indian buyers showed interest in those shares with tempting offers it was relatively easier to sell.

Several years ago the chairman of Dunlop, UK, spoke about "long queues of Indian businessmen" thronging the company's headquarters in London in order to buy up the company's holdings in Dunlop India. While he disclaimed any intention of selling the company's shares in Dunlop India at that time, in a few years Dunlop India did have a management change. A leading Indian house and a well-known non-resident Indian businessman assumed control of the Indian company, although on paper Dunlop Holding, UK, still retained its majority shareholding.

The following are models of takeovers through indirect routes:

Model 1: The 'Jokai' or 'Assam Frontier' type of takeover. The companies are sterling companies incorporated in the UK but carrying on operations (primarily tea gardens) in India. The erstwhile foreign shareholders sold their holdings to non-resident Indians through the London Stock Exchange. These were transactions to which Indian laws did not apply. There is no change in the status of the companies as sterling companies.

Model 2: The 'Warren' type of takeover. Warren Holdings, a sterling company, was holding majority shares in two Indian companies, Warren Tea and Warren Industries, both of which had been permitted to carry on business under FERA. Both the companies were doing well, and Warren Tea had a very successful, highly oversubscribed public issue in 1978. Shortly thereafter a Manchester-based NRI group acquired ownership of Warren Holdings, and *ipso facto* controlling interest in Warren Tea and Warren Industries. Inevitably, there was restructuring of the management of the two Indian companies. This was yet another instance of a faceless NRI group taking over Indian companies without any inward remittance of funds. Like the case of Shaw Wallace where the ownership of the holding company, R. G. Shaw & Co of London passed on several years ago to the Malaysia-based Sime Derby, which sold off its interest in R.G. Shaw to some NRI controlled company.

Model 3: An instance is Ceat Tyres. An Indian

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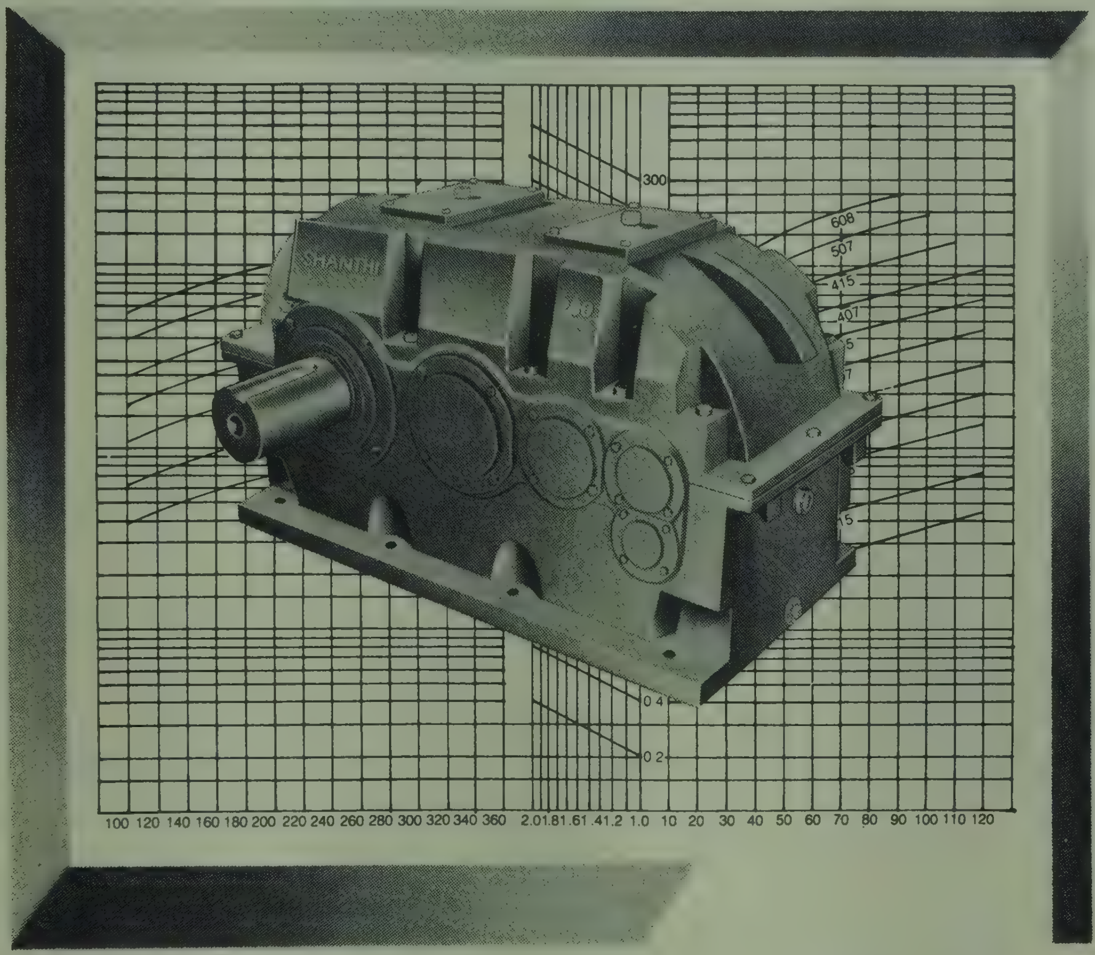

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group purchases a small percentage of the foreign holding with the approval of the authorities, ostensibly because the foreigners wish to comply with FERA. But it is observed that thereafter the foreign shareholders stop taking any interest in the Indian company, and invariably issue proxies in favour of the Indian acquirers of a portion of their shares. Also, the Indian acquirers appoint their own people to key managerial positions. Thus, a *de facto* transfer of ownership takes place, although outwardly and on paper the Indian company continues to be a 40 per cent affiliate of a foreign company.

Model 4: A variant of Model 3. No transfer of shares from the foreign shareholders takes place. An Indian business house buys shares in a foreign-controlled company from the market, either in the name of individuals or corporate bodies or both. Thereafter it is noticed that the foreign shareholders transfer all management control to these new shareholders and issue proxies in their favour wherever necessary. Also, new incumbents are appointed to key managerial positions. This model appears to have been followed in the takeover of companies such as Dunlop, Bakelite-Hylam, Gramophone company and Indian Cable.

Model 5: In this model, foreign holding company A, which has many interests other than its Indian operation, creates a dummy corporate body B, to which it transfers all the shares held in the Indian company C. The Reserve Bank of India is told that this is part of an overall corporate reorganisation of the headquarters for reasons of management efficiency, and that no transfer to an outsider is involved. The RBI grants permission subject to the usual stipulation that any further proposal to transfer these Indian shares from the transferee investment company to others will require the RBI's prior permission. The stipulation imposed by the RBI in the approval letter is not really enforceable. It is under FERA and the newly created corporate dummy is not subject to Indian laws. Thus, when sometime afterwards A sells its shares in B to an outside party D (may be NRI may be foreigners), D automatically acquires control over C without any approval from any Indian authority.

Model 6: We can call this the 'Wellman Incandescent' type of corporate takeover. In such cases the Indian party B buys a sizeable block of shares in a foreign controlled Indian company C, from the market where, following FERA directions, such shares are available in sizeable quantities. Thereafter company C makes a rights issue to the existing shareholders. The foreign shareholders A renounce their quota in favour of B or its nominees. This is perfectly legitimate under Indian Company Law. And FERA is not applicable as no inflow or outflow of funds is involved. B subscribes to those renounced shares, and thereby acquires control over C. A restructuring of the company's management follows, and the takeover is complete while the foreigners still hold their shares nominally, although the percentage has come down drastically. They no longer take any interest and invariably issue proxies in favour of the new Indian management.

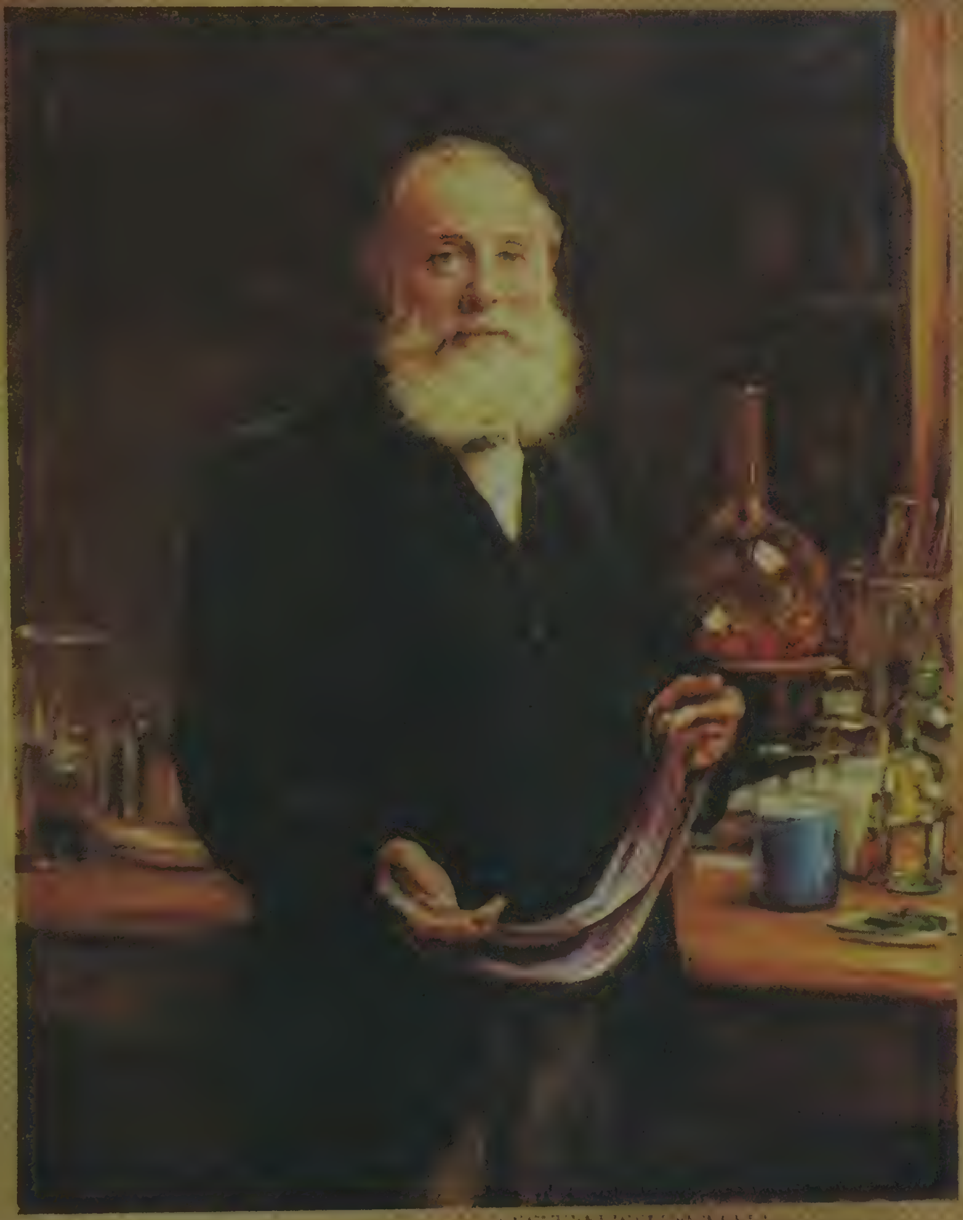
Many of the restrictions under the FERA guidelines, which still obstruct normal business activities of FERA companies, were essentially meant to freeze such activities temporarily until the government could scrutinise the FERA companies. These have outlived their usefulness

These are some of the broad patterns that are identifiable. In real life, many of the recent takeovers or attempted takeovers are combinations of these. And they will continue as long as the present counterproductive exchange rules last. Both the Companies Act (Section 394-395) and the MRTP Act (Section 23) have provisions for corporate takeovers. But they are proving to be ineffective in dealing with the great majority of real life takeovers in recent times.

The time has come therefore for a look at the efficacy and adequacy of the existing regulations dealing with foreign investment. The number of FERA companies which stood at around 800 in 1974 came down steeply to 186 in 1981 and 142 (including 84 subsidiaries) by 1985 and is down to around 100 at present. This is a matter of some concern. Many of the restrictions under the FERA guidelines, which still obstruct normal business activities of FERA companies, were essentially meant to freeze such activities temporarily until the government could scrutinise the FERA companies. These have outlived their usefulness after the government completed the process of scrutiny of the FERA companies and determined the permissible level of foreign holding in these companies. These should now be withdrawn and the companies be permitted to follow normal growth impulses.

N. K. SENGUPTA

IN THE FOOTSTEPS
OF PERKIN...



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But one aspect that was overlooked was the accident potential of hazardous chemicals after they left the factory gates. Once on the road, carriers transporting flammable or toxic materials could turn out to be virtually dynamite on wheels; the vehicles were in the hands of drivers who knew nothing of their contents and had no formal training in handling transit emergencies. Whenever such a vehicle was involved in an accident on the road, it invariably caused extensive damage.

Thus Maharashtra introduced legislation for regulating the road transportation of hazardous materials last year. Maharashtra was the obvious choice for this pioneering legislation, since it has the largest concentration of chemical units in India, including refineries and petrochemicals.

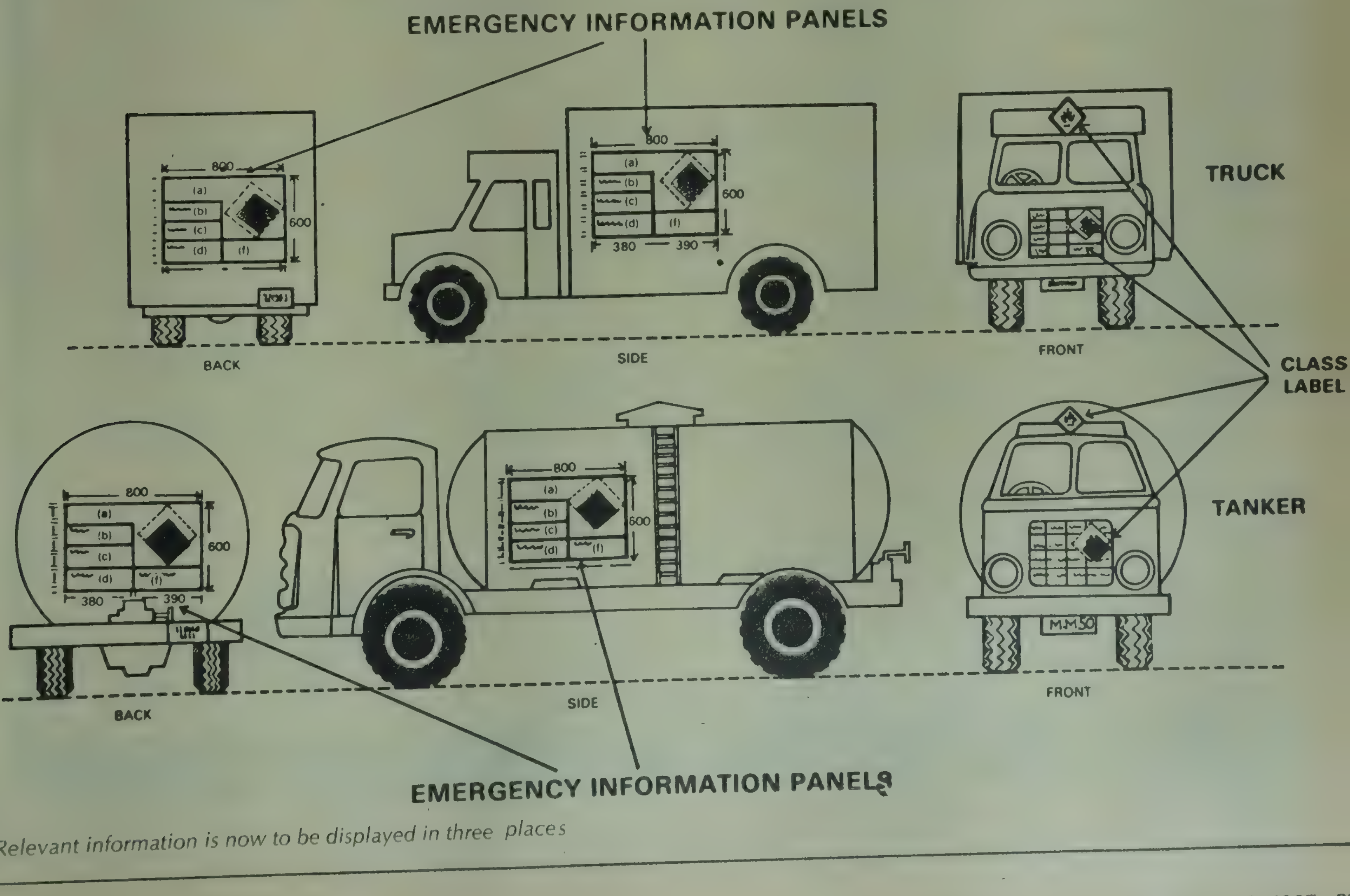
In January 1986, the State Transport Authority, Maharashtra, introduced additional permit conditions for vehicles transporting hazardous chemicals in the state. According to the new regulations, a public or private vehicle carrying hazardous chemicals must satisfy the following conditions:

- Special labels pictorially representing the hazardous chemical should be displayed on the vehicle.
- Chemical names, descriptive names or prescribed, correct, technical names should invariably be displayed on packages and on vehicles carrying hazardous chemicals.
- Drivers of such vehicles should carry instructions in writing which will include first-aid treatment, dealing with fire, accident and spillage involving the particular chemical transported. These intructions must be written in English, Hindi and Marathi.
- A summary of these instructions in the form of a card called transport emergency card (Tremcard) should also be carried by the driver in his cabin.

The new regulations became effective from July 1986. Since then a year has passed, and it is time to take stock.

From the beginning it was clear that successful implementation called for a co-ordinated action plan since the number of concerned agencies involved is large: manufacturers/consignors, transport/vehicle operators, the state transport authority, the department of explosives, the fire brigade and police authorities. Moreover, a co-ordinator was necessary because all the agencies involved seemed to be passing the buck — the industry blamed transporters for not having trained drivers to operate such vehicles. The transporters on their part said that most drivers were appointed on a casual basis and they could not undertake the responsibility of driver training. They felt it was the consignors who should initiate action as they were knowledgeable about the properties of chemicals, hazardous reactions, and first aid measures. Similarly, while the department of transport certified the fitness of a vehicle up to the chassis level, the department of explosives was responsible for the container/pressure vessel mounted on the chassis! Further, there was no provision for vehicle fitness certification for chemicals which were not petroleum-based or those transported in mobile pressure vessels.

Keeping these conflicting interests in mind, an informal monitoring group without legal powers had been set up by the transport com-



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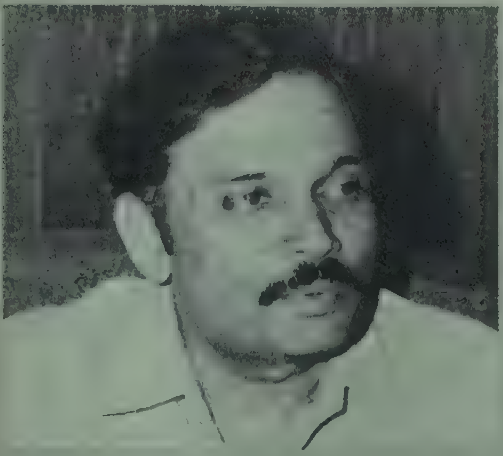
"Industry has adopted a passive attitude"

To review the progress of the Maharashtra regulations of road transportation of hazardous materials, A. Sushil Kumar spoke to **S. K. Sagane,** *Transport Commissioner, Maharashtra.*



Sagane: against a lot of odds

Reportedly, many vehicles display warning labels which indicate either incorrect or irrelevant data. Is this true?
Yes it is true that some vehicles have been displaying wrong labels or panels indicating incorrect information. For instance, on one occasion when a telephone number indicated on a petrol tanker involved in an accident was contacted, it turned out to be a doctor's private number. One of the reasons for this state of affairs has been the abdication of responsibility for maintaining labels by the manufacturers to the transporters. The transporters in turn have been relying on painting contractors for whom this was just another routine job. We have now initiated steps to stop this casual approach to the painting of warning labels.

What has been the response of the chemical/oil industry to the new regulations?
I would say that the response has been found wanting. Except for a few big companies, the industry in general has adopted a passive attitude. I am told that in Europe when similar legislation was introduced, it was the chemical industry which took the lead, as they believed that the responsibility for controlling the risk lay with those who created it. We have now started taking stringent action to change the attitude of industry.

What kind of action?
Earlier, whenever a breach of permit conditions was noticed, we used to levy a fine of Rs 1,000. But now vehicles which do not conform to the regulations are stopped from plying. They are sent back to the factory. I have sent a circular to this effect to all the companies and I see a marked change in the recent past.

Has the industry or the government initiated a comprehensive scheme to train drivers, who are the weakest link in this entire exercise?
I must confess that we are yet to tackle this problem on scientific lines. I feel that the responsibility for training drivers must primarily lie with the consignors, even if they do not own the vehicle. It is they alone who know about the properties of the chemical that is transported and they should play a major role in driver education and training. Meanwhile, we have instructed motor driving schools in Maharashtra to impart some education on hazardous warning signs, etc for heavy vehicle drivers.

On our part, we have requested the central government to introduce a category of special licences for drivers of vehicles which carry hazardous substances.

Is any action being initiated to ensure that incompatible chemicals are not transported in the same carrier?
We have not yet taken any concrete action in this respect. I concede that this is an important problem. We are implementing the regulations in stages and are presently concentrating on the strict enforcement of the hazard information panels and Tremcard. We plan to take action on the transportation of incompatible chemicals soon.

Could you give a rough estimate of the number of vehicles carrying dangerous substances in Maharashtra and the number of accidents involving these vehicles in the past one year?
Almost every third of fourth vehicle entering Maharashtra every day is a hazardous goods carrier. Nearly 70 per cent of these vehicles transport LPG, kerosene or petroleum products. We have not collected any statistics separately on accidents involving hazardous materials. However, in the past one year there were nearly 1,200 convictions in Bombay and Thane-Belapur alone on account of violation of the regulations.

Is anything being done to educate the man in the street about these hazards-on-wheels?
Yes we have made a short film in Marathi which is targeted at the general public so that it can learn to recognise vehicles carrying dangerous goods and take precautionary measures in the event of an accident. We are now showing this film all over Maharashtra. This is being supplemented by seminars, talks and audio-visual presentations at various forums. There is also a need for producing a film for operators and drivers, which could be used for training them on various aspects of transit emergencies.

We understand that there is a proposal to amend the Motor Vehicles Act. Is there any move to extend the hazardous goods regulations to other states as part of this amendment?
One of the salient features of the proposed amendments is the transfer of most of the rule-making authority with respect to motor vehicles to the Centre. Thus the Centre will have more powers to introduce rules uniformly in all the states.

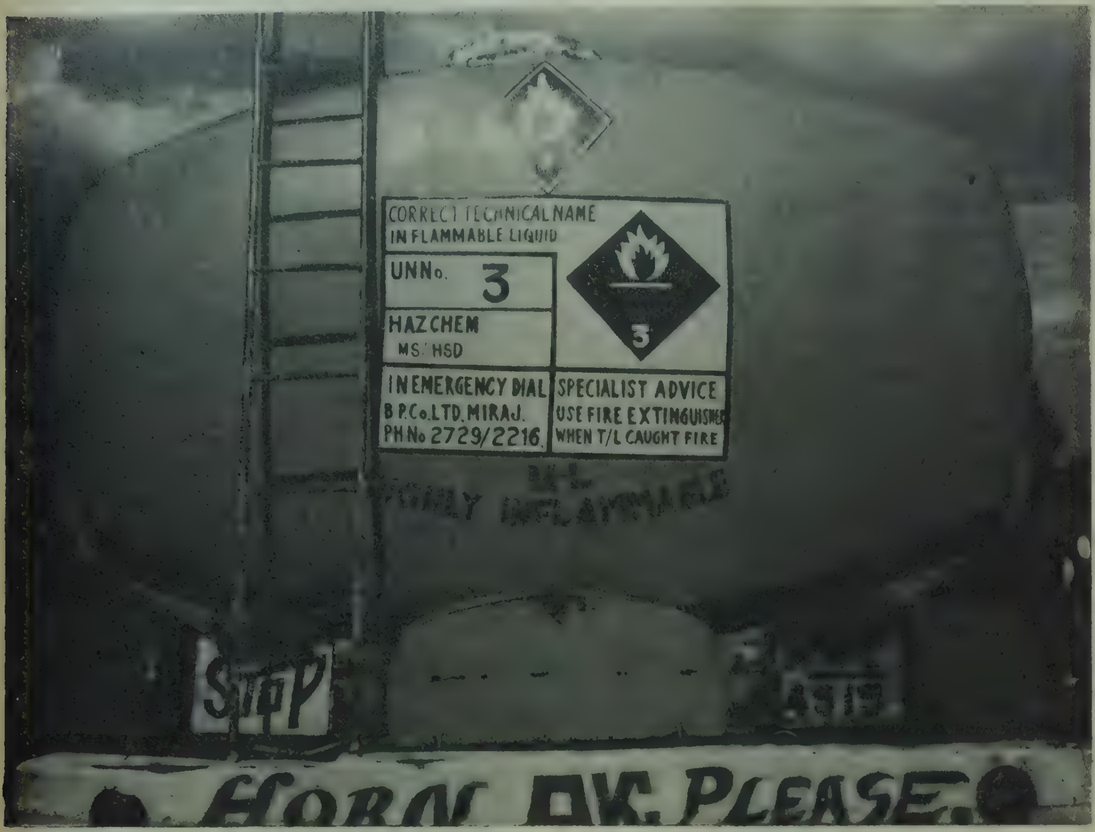
missioner last year, to facilitate the speedy implementation of the new rules. However, in the absence of constructive participation by all concerned, the group failed to make much headway — it remained an 'informal' group.

In spite of all the handicaps, S. K. Sagane, Maharashtra's transport commissioner, claims that almost all vehicles in the state transporting hazardous materials are now displaying hazard information labels on three sides of the vehicle. Similarly, drivers carry Tremcards or safety instructions in writing pertaining to the hazardous material being carried. During the initial stages of implementation, he admits, there were tankers displaying incorrect labels. But now, claims, Sagane, such vehicles are not being allowed to ply and are being returned to the factory for correction of the labels.

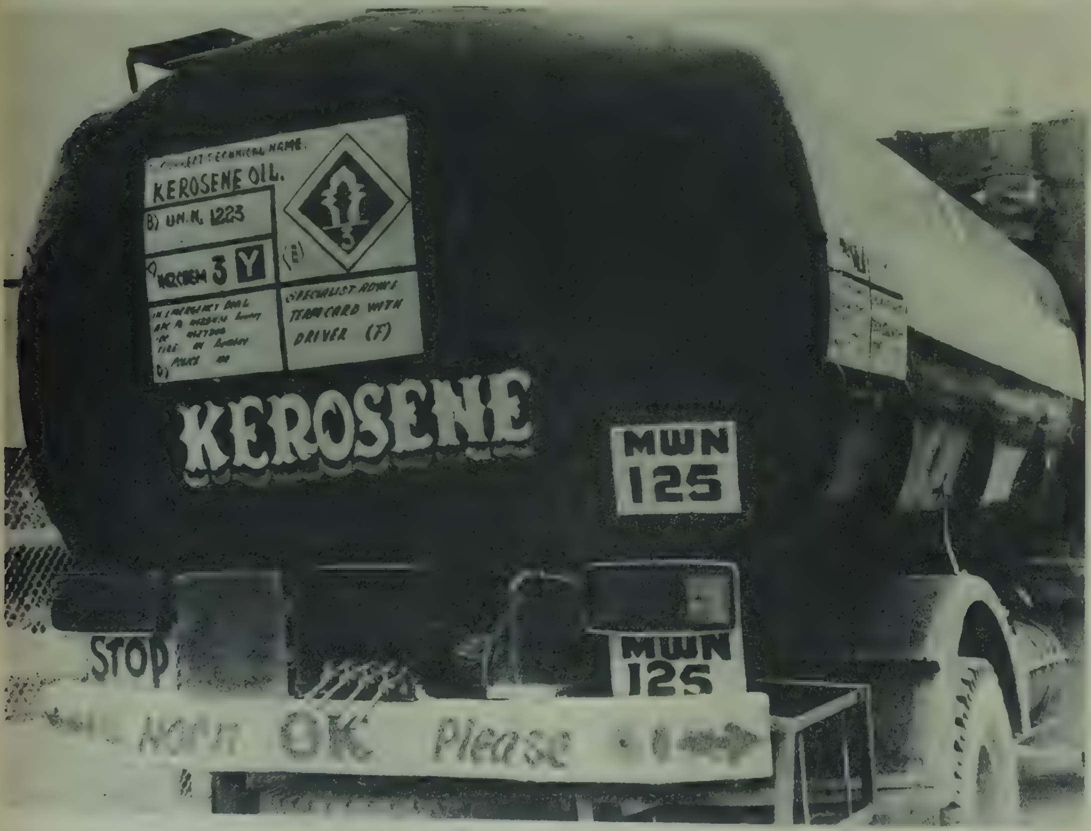
But one does still see vehicles with erroneous labels on the road. And the transport commissioner says he has been disillusioned with the response of the oil/chemical industry. (see box).

A problem which vexes all alike is that of driver education and training. Says G. Ghosh, assistant manager (road safety) at the Loss Prevention Association, who is in charge of LPA's training programmes for drivers, "Most drivers are blissfully ignorant of the implications of these colourful labels and fancy markings. For them, the Tremcard is just one more document which has to be carried along with other papers such as driving licence, insurance certificate, tax tokens, etc."

Most of these complications were not unexpected. In a country where road safety is virtually a non-priority, the establishment of a road culture is beset with problems. But the lessons learnt in the past one year could be used to evolve a long-term strategy for the future.



Initially, some carriers displayed incorrect labels (above). A kerosene tanker (below) carrying the correct information



The training of drivers should clearly form the cornerstone of the strategy. This issue defies any instant solutions, but a beginning can be made by the introduction of a category of special driving licences for drivers concerned with the transport of hazardous materials. Such licences should be granted only after the driver satisfies certain minimum eligibility standards, over and above the routine tests applicable to heavy vehicle drivers. Moreover, the service conditions of such drivers need to be attractive enough to make the profession more rewarding. This is particularly important because most drivers are retained by operators on a casual basis.

Such measures need to be supplemented by specific driver training courses for different classes of hazards; this responsibility should be shouldered by the consignor and the vehicle operator. Of course, this presupposes a competent and honest enforcement infrastructure, so essential for the success of an effort of this magnitude.

It is futile to blame the industry alone. The regulatory authorities must also do their job. For instance, besides the transport authorities, the department of explosives, which is supposed to be the premier government body in matters relating to dangerous goods, can play a key role in ensuring a stricter vigil on the roadworthiness and safety of road tankers and mobile pressure vessels used for transporting dangerous goods.

Suitable legislation also needs to be introduced to cover the movement of those hazardous chemicals which are neither petroleum-based nor transported in mobile pressure vessels, eg, a large number of commonly used acids and alkalies. Likewise, the fire brigade and police authorities should be closely involved at the planning and implementing stages — they need not be concerned solely with the post-accident scenario.

NEED FOR TRAINING

There is an urgent need to train regulatory, enforcement and policing staff, so that they can operate in an integrated fashion in the event of a major accident. This is where public-spirited safety organisations could also chip in by providing professional expertise, as also a sense of direction and perspective to the operations.

Very little has been done to educate the public on the significance of hazard information labels and Tremcards, or about the important part people could play in stopping a minor accident from turning into a major one. In this area, public spirited organisations and industry could show the way.

To be truly effective, of course, regulatory legislation for road transportation of hazardous materials should be made applicable to the entire country, instead of being adopted on a piecemeal basis in one state only. This is of critical importance because most of these chemicals have to traverse hundreds of miles across states. According to the National Transport Policy Committee report, the total traffic of chemicals and drugs is projected to grow from 4.61 million tonnes in 1982-83 to 11.47 million tonnes by the year 2001. Petroleum products traffic is expected to grow from 20.47 million tonnes in 1982-83 to 48.80 million tonnes by the year 2001. A substantial proportion of chemicals and petroleum products will have to move by road in the foreseeable future. Which means that road safety cannot take a back seat anymore.

A. SUSHIL KUMAR

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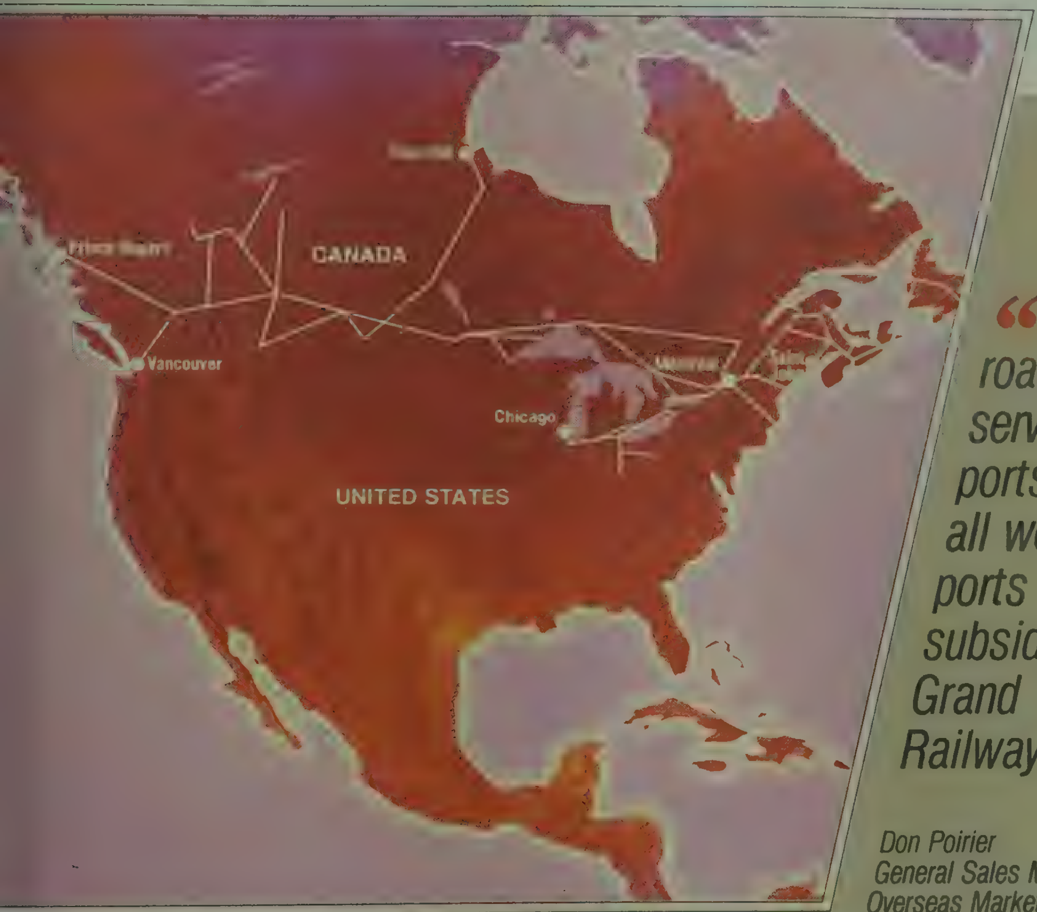

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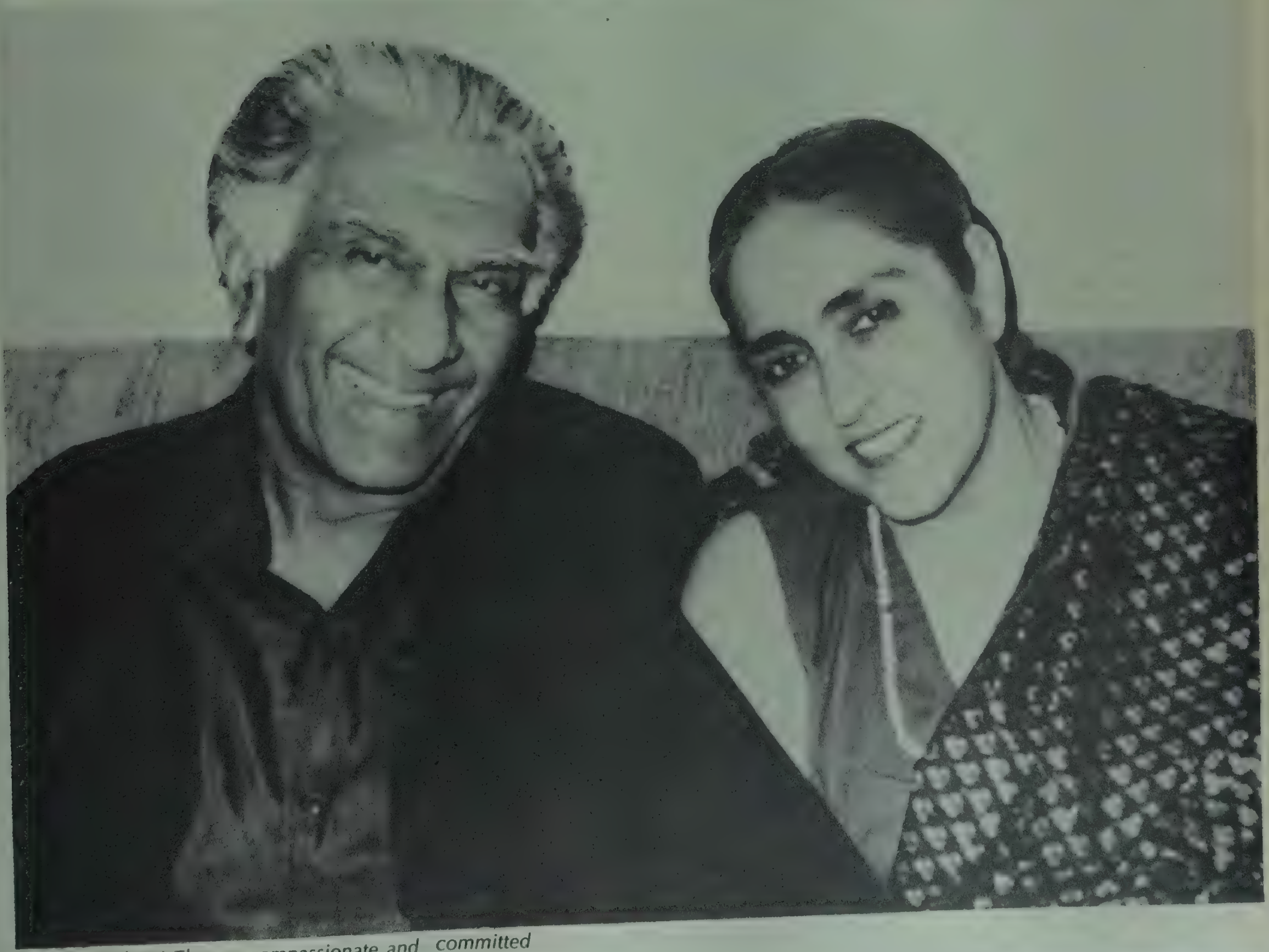
Romesh Thapar

On Saturday, 22 August at 6.45 p.m., Romesh Thapar, my fellow columnist, comrade-in-arms and friend, died in New Delhi. It is only appropriate that this column, in the first issue of *Business India* after his death, should be about him

It is not possible to write about Romesh without simultaneously thinking of Raj. They represented a joint integrity and complimentarity, such as is difficult to find. In that sense perhaps, it is only right that Romesh should have left within months of Raj's death: more, that he should have died as he did, in dignity, in full possession of all his faculties, without any lingering ailment, and doing that which he most enjoyed; exchanging ideas. On 21 August, we dined together, in company that was immersed in the issues of the day and which demanded of Romesh all his clarity of thought. Less than twenty four hours later he died in his study.

There are no cameos from his life which can be conveniently lifted to illustrate the whole; a single photograph will just not do; the complete photo-album is needed and that is not possible. Yet what does come back vividly to mind, as a kind of a break in the pattern of their lives, is that cataclysmic first week of November 1984. Delhi was then the scene of one of the most barbarous acts of calculated violence that independent India has witnessed. In the midst of that madness Romesh expressed his concern in words of passionate anger, struggling to re-establish order and justice. He sought action: propelling a Citizens' Committee into launching its own enquiry; convening another to address themselves to the challenges thrown up. It was Raj who was broken and despairing — "Romesh is seeking to escape the trauma in action," she said. "I am haunted by altogether a different fear. Tell me, are the streets of Delhi ever again going to be entirely safe for a bearded sikh?"

The pathos of the question foretold her death, though we failed to recognise it as such then. For her, November 1984 was an emotional and a spiritual trauma, turning subsequently into a physical malignancy which finally consumed her young body. Whilst Raj struggled with the ravages of cancer, with rare courage and poise, Romesh then demon-



Romesh and Raj Thapar: compassionate and committed strated his patient and caring side. When she died in April this year, Romesh said, "I have lost my faculty of thinking. I no longer know how to think. Raj was my sounding board, without my even knowing it. Now that touchstone of my thought has gone, and with it, my touch."

Romesh was essentially, and by nature, an iconoclast; a doughty warrior for individual liberties and dignity (a distinction which not many make), a life long crusader for the independence of media, freedom of press and free speech. He loathed humbug, political, social or intellectual; he was unrelenting when it came to exposing follies, individual or institutional. His thoughts and his pharaseology, like his personality, were large and sonorous; there was never in them any carping meanness or shrill edges. Prejudiced he could be and was; whereafter, walrus like, it was difficult to shift him; but challenge him you always could, and if you did, then his thrusts could be rapier like. His faults were as large as his personality, but he could never be faulted for smallness of spirit.

Innately, he was repelled by disorder, of thought or in systems. His origins weighed with him and created in him a duality, which I believe, he never did fully manage to resolve. Birth in an anglicised and a prominent military/civil service family made him into what he called an "anglo-saxon"; but this never derisively, only in rueful self-mockery. He deeply admired the self-discipline, application and order of the "anglo-saxon," yet attempted constantly to escape from the anglicism of it. The privilege of his birth made him conscious; Raj, on the other hand, with cheerful earthiness, delighted in her middle class Punjabi origins.

Their early involvement with the Communist movement in India was both an idealistic and intellectual involvement and an attempt on Romesh's part to make amends. They searched for their joint identity through Communism and idealism; by directing and acting in amateur theatricals to raise funds, by part time jobs, and as the "voice" in broadcasts and early documentaries. Romesh experimented even with Bombay cinema, to, I am sure, Raj's conservative disapproval; and 'Footpath' is a memorial to that attempt at escaping the confining rigidities of a privileged past.

In another sense, their early involvement with Communism was also to find for themselves a role and a relevance in independent India. All this I say not because I shared with Romesh his early struggles — indeed, nearly two decades separated us in years — but because it illustrates another aspect of Romesh's (and Raj's) personality. They were immediately, and without any conscious effort, able to relate. He never talked down; he was not an avancular elder encouraging the precocious young. He respected only the worth of ideas; his own, of course, but not very much more than those of others. He shared views, not patronisingly but with combative equalness and occasional flashes of anger.

Romesh and Raj finally found their metier, their true avenue of self expression, when they moved from Bombay to Delhi along with *Seminar,* which Raj never stopped calling "her cottage industry." In those exciting sixties, they had come to the right place at the right time. *Seminar* became synonymous with quality and diversity of thought. Raj and Romesh became the sought after couple in the intellectual desert of Delhi.

That Romesh became a confidante and an advisor (and then friends) of Indira Gandhi, was only right; she did seek out talent, at least in the early years. That they should subsequently have fallen out with her was also inevitable. An assessment of what they contributed to that period will have to wait — but how strongly they continued to feel for Mrs.Gandhi is best illustrated by an incident. In 1985 took place on the Boat Club lawns a grotesque parody of paying homage to the late premier's memory: a giant cardboard and plywood statue of her, in garish colours, was installed on Raj-Path. In a letter written to the Editor of *The Times of India,* Raj, in words of rare elegance and suppressed fury tore into this tasteless demonstration, with a ferocity which even Romesh, at his best, could not match. It was she who then gave voice to all that had gone wrong with their joint dreams about India.

Romesh and Raj Thapar represented a joint integrity and complimentarity, such as is difficult to find

One could go on reminiscing endlessly, but that is not the purpose. Surely the fact that *Seminar,* as a journal, has remained unequalled as an enterprise of the mind, even at its limited "cottage industry" scale of circulation, speaks for itself. Had they not written another word, just this contribution, that Romesh and Raj have made to journalism in independent India, would earn them a lasting place.

But there are some other significant aspects. This couple had two outstanding qualities. First, they were uncorrupt. In particular, they were immune to that form of corruption to which people in public positions are most vulnerable — the corruption of conventional expectations. For them it would have been so much more convenient to have gone along with the expectations of the powerful, in the late sixties and the seventies. That they did not succumb, is a measure of the uncorruptability of their spirit. Merely because a view was respectable was not why they accepted it; to them both, it needed to be examined on its merits, along with any others; and either it stood that examination or it failed. Other than that, ideas could have no other claim on their attention or their assent.

The other outstanding quality was their intellectual hospitality. Not only was their home open to the most diverse kinds of minds that would flit in and out of Delhi; under their joint management, their joint "cottage industry", *Seminar,* became the home of great intellectual diversity: for them no interest and no point of view was excludable a priori, whether in obedience to prejudice, convention, sloth or on account of the corruption of the expected.

Romesh's life: long preoccupation with the 'day-after-tomorrow', the 'overall grand design', often prevented him from seeing the urgency of the immediate. I believe that in his later years, particularly after Raj's death, Romesh lost his fine understanding of the shallower undercurrents of Indian politics. That was as it should have been — these eddies have turned into ugly, choked, municipal drains. He was thus saved a great deal. His preoccupation remained with the long term, with the need to programmatically move towards rebuilding the institutions of India, so that the social, economic and political challenges of the coming years could be met. Thus he lost touch with and largely withdrew from the day-to-day.

Just as well, because in this was his completion. Raj, the practical, had prevented Romesh from soaring too high, and she was not there any more. So it was only right that in the final few months of his life, Romesh's thoughts did not preoccupy themselves greatly with the passions of today. He was amongst the very few in India who was actually trying to look into the year 2000 — and not just for India's sake; because his search was for identifying those global patterns into which could be 'syncro-meshed' the future of our people, so that that harmony of existence, which was Raj and Romesh's great gift to whoever came in contact with them, could be everyone's. Sadly, though inevitably, with their death, something irreplaceable has gone out of Delhi. □

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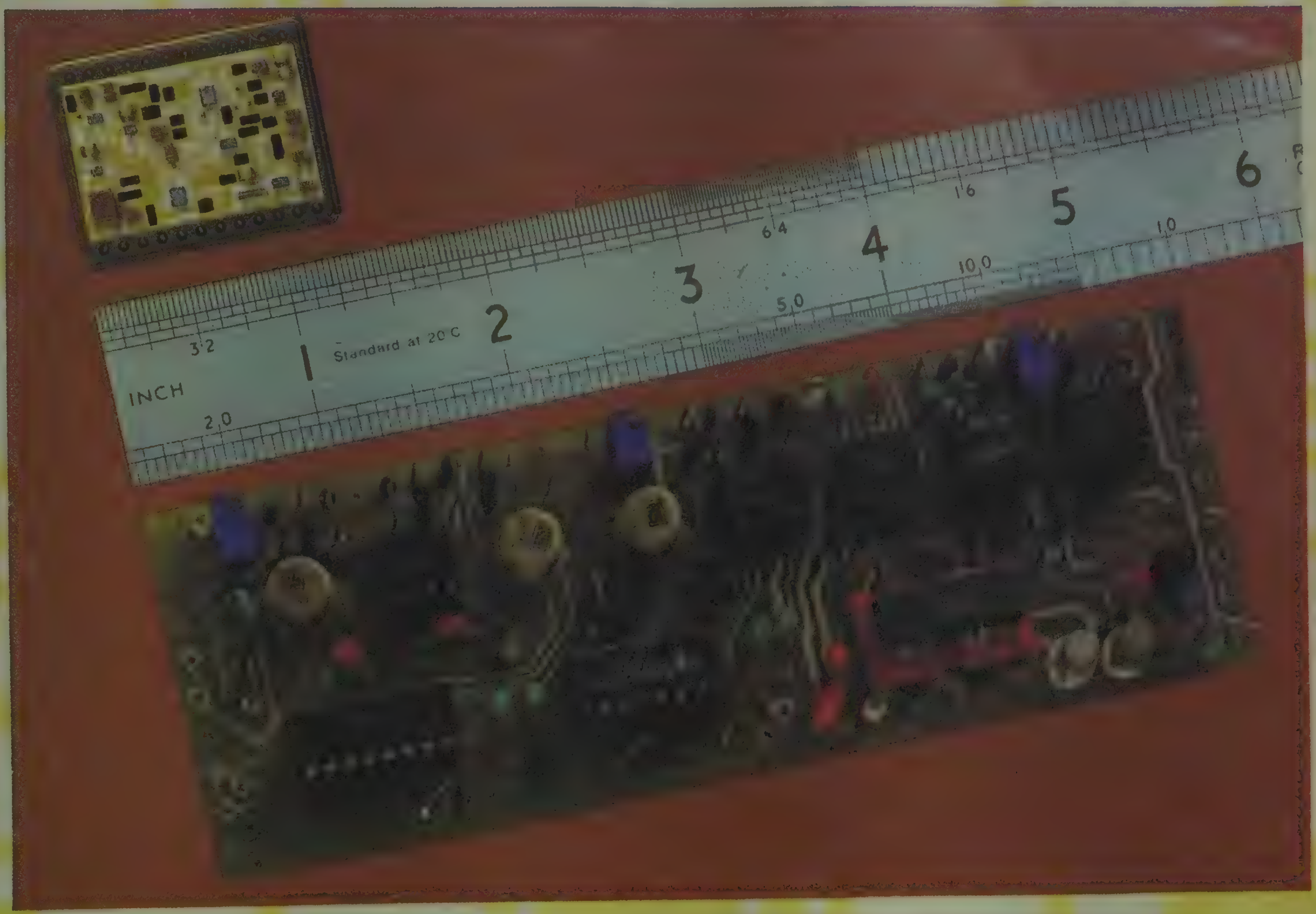

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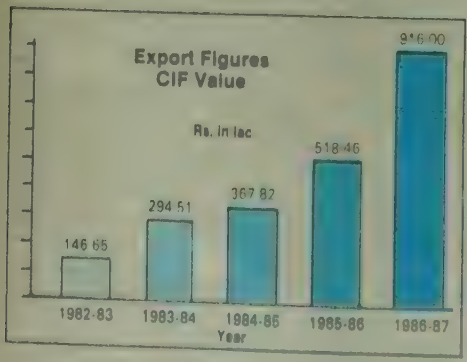

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Labour by E A Ramaswamy

Trade unions and the unorganised sector

Recent changes in the pattern of employment in organised industry portend far-reaching consequences for trade unions. Employment in organised industry has stagnated at around 25 million even though industry itself has been growing. The Annual Survey of Industries by the Central Statistical Organisation observes: "An interesting feature of the development of the industrial sector has been that while net value added by manufacture, net income and fresh investment in fixed assets have shown phenomenal rise, there has been practically no increase in the rate of absorption of the work force. The appreciable increase in the number of factories or for that matter in fixed capital did not generate sufficient employment opportunities." And the private sector, in the vanguard of industrial development, has begun to show a negative growth rate. Employment in this sector dropped by 0.3 per cent between 1982-83 and by another 2.4 per cent in the next year.

There is another way of perceiving the same phenomenon. The investment required to create employment has been steadily on the rise. An analysis of a sample of 285 companies by the Industrial Credit and Investment Corporation of India (ICICI) shows that the average investment required to create a job has gone up from Rs 53,402 in 1979-80 to 90,712 in 1982-83. The cost of employment generation is even higher in technologically sophisticated industries such as chemicals, petrochemicals, power generation, non-ferrous metals and paper and pulp. The investment per job is more than three times the average in power generation and double the average in non-ferrous metals, while it is a third of the average in the labour-intensive textile industry and two-thirds in machinery manufacture. As the economy shifts towards better technology, these trends are likely to accentuate.

Within this overall picture of stagnation, or even decline, in employment, there are significant features which call for attention. The ICICI survey shows a slight shift in the pattern of employment in favour of non-workers — technical, administrative and managerial personnel. This is more pronounced in high technology industry. Non-workers account for a third of gross employment in power generation, chemicals and non-ferrous metals compared with a mere 10 per cent in textiles and 20 per cent in cement. Within the category of non-workers itself, the managerial force is tending to grow larger than technical and administrative personnel.

By definition, organised industry includes enterprises employing more than 10 persons (20 if operated without power). About a quarter of the employment in organised industry is provided by small enterprises with less than a hundred workers. It is common knowledge that compensation improves with the size of the enterprise. Average earnings per worker rise nearly three-fold as we move up from enterprises employing less than 50 workers to those with 2000 or more. The contrast becomes sharper still if workers in large enterprises are compared with those in agriculture and related occupations.

However, one surprising phenomenon is the deceleration in growth of wages in recent times; a development which would be scarcely anticipated by the critics of organised labour. The Annual Survey of Industries notes: "While the rate of growth of capital during 1981-82 was of a little higher order as compared to the previous years, there was a perceptible decline in the rate of growth of wages to workers. Like the workforce, the rate of growth of wages has also shown a declining trend. For instance, wages which registered an increase of 15.7 per cent during 1979-80 came down to 12.4 per cent in 1980-81, and further to 11.4 per cent in 1981-82." It is obviously possible to pay more to individual workers and yet bring down the wage bill by pruning employment.

SHIFT IN EMPLOYMENT

Some conclusions from the trends described above: Employment in organised industry has not only reached saturation, but actually begun to decline. Blue collar workers are in addition affected by the shfit in employment in favour of non-workers. Wage benefits in organised industry are proportionate to the size of the enterprise, with the largest paying the most. There is a wide gulf between large and small industry, and an even greater chasm between industry and agriculture.

And yet it is on workers in organised industry, especially large industry, that the trade unions lavish their attention. Union membership figures show that 40 per cent of members are in the manufacturing industry, and another 25 per cent in transport and communications. Only 10 per cent of the membership is in agriculture, forestry and fishing. If we leave out the plantations which are relatively better organised, the unions have no presence in agricultre except in stray pockets. Even within large industry, there is a proliferation of insecure non-union labour in the form of casual, temporary, apprentice and contract workers. The unions have restricted themselves to permanent labour in large industry, ignoring the multitude of working people who are in far greater need of succour. The problem, however, is not merely that union attention is not directed to where it is most needed. It is also that the labour movement is working on behalf of a clientele which is small and shrinking in both absolute and relative terms.

CLOSED SHOP

Workers in large enterprises are by far the easiest to organise. In fact, the word 'organising' may itself be inappropriate since most of them have already been brought within the ambit of trade unionism. Unionisation is so complete in some of these enterprises that there are no non-members at all. On occasion, the situation verges on the closed shop since the leaders restrict benefits to members. It is also in this segment that the task of raising union funds is at its simplest. Managements are increasingly willing to allow a check-off so that the tedium of collecting the fee on pay day is completely eliminated. There are in addition important economies of scale for the leader in concentrating on large groups.

Small enterprises, in contrast, are notoriously difficult to organise. There is the problem of having to deal with numerous small proprietors, each with just a handful of employees. These enterprises can fight trade unionism more easily than the bigger ones. Entry into agriculture poses problems of a different kind. Local power structures are so firmly lined up behind the landlords that survival itself would be a struggle for the union organiser.

The task of organising workers in agriculture, handloom and powerloom sheds, small machine shops, cottage industries and construction sites may be daunting, but certainly not impossible. When union organisers first ventured out into industry, the hurdles were no less formidable. Why then are trade unions so lacking in enterprise today? First, the task of organising itself has taken a back-seat. Few union leaders of any stature bother

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to explore new pastures. What they are looking for are well-organised groups, ripe for picking. They prefer to take over existing trade unions with healthy bank accounts, impressive membership and formal recognition by the employer. Second, trade unions are rapidly growing insular. The level of organisation is itself changing from industry and region to the enterprise. The concern of enterprise unions is limited to permanent workers who are entitled to membership. These unions have no wider consciousness, nor a sense of ideology or participation in a larger movement. They also tend to keep away from the national federations which have symbolised the labour movement for so long. The distrust of the federations and unwillingness to be affiliated to them are obvious. As a consequence, the federations themselves lack the verve to organise the unorganised.

Finally, the entire labour movement appears to be steeped in an image-building exercise. Unions and union leaders are judged by the size of the package of benefits they can win for their members. The most impressive benefits are naturally to be had in the most profitable segments of the economy. Thus the leaders concentrate on large organisations operating with modern technology in favourable markets. That this is also the section of the economy which already offers the best compensation is incidental. This is where the unions can notch up substantial gains, and that is what matters. In contrast, the tedious business of ensuring that farm workers or handloom weavers get the minimum wages assured to them by statute will neither hit newspaper headlines nor win any laurels for the leader.

SELF HELP

Neglected labour cannot hope to earn a decent living except through self help. Neither favourable legislation no protestations of help by the government can produce any result. It is only by collectivising into trade unions that they can have a better life. Trade unionism will be necessary even to ensure observance of statutory guarantees. Nor can permanent workers in large industry continue to ignore the less fortunate. Public opinion is already turning against them.

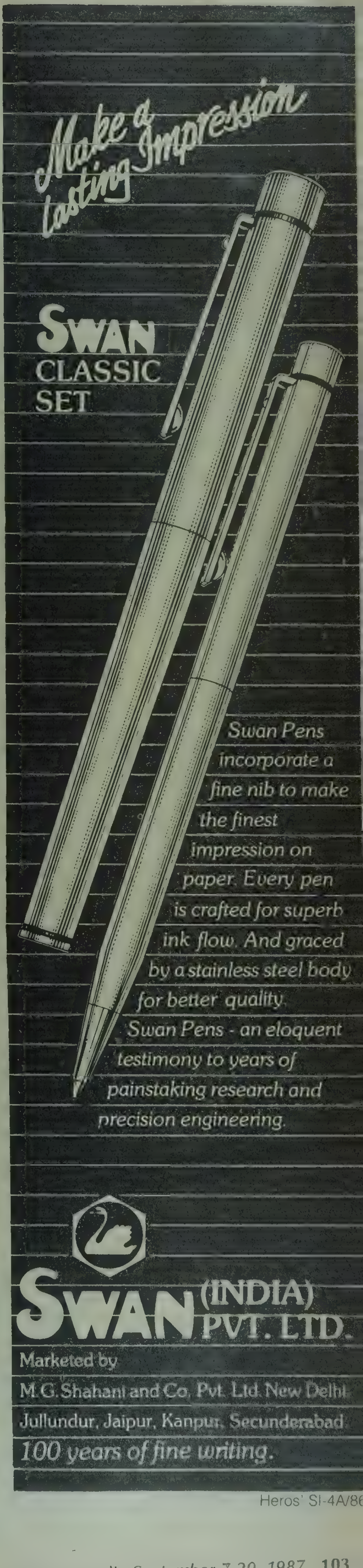
Unionised workers everywhere are being accused of being islands of prosperity in the midst of poverty and exploitation, or some kind of aristocracy among labour. Trade unions are being reminded that it is unconscionable to demand more for a small elite which is already well off when the majority is struggling for survival. The message that is sought to be conveyed is that unionised workers are fattening themselves at the expense of the unorganised. Employers, intellectuals, politicians and the middle classes who have veered round to this view demand to know whether such exploitation can be permitted.

However, there is no way anyone can establish that unorganised workers get less because the organised grab more. Nor can it be shown that the lot of the unorganised would improve if organised workers settle for less. There are far too many variables which influence the structure of compensation. If anything, it is the employer who will gain from the moderation of union demands, and he is already better off than anyone else. Even so, the aristocracy argument has a powerful appeal. It casts trade unionism in a poor light and could rob it of moral force. As the gulf between the living standards of organised and unorganised labour widens, trade unionism is in danger of being perceived not as a crusader for egalitarianism, but as just another vested interest, or even an exploiter.

CHEAP LABOUR

The growth of unorganised cheap labour is also threatening organised workers in a more direct way. Even large industry has begun to shift work to cheap labour wherever possible. When Datta Samant took the Bombay millhands on strike for a year and a half, there was no shortage of textiles in the country. The powerlooms with their cheap labour had rendered infructuous the longest ever strike. In much the same way, the Ahmedabad millowners are getting their products manufactured on powerlooms even as the organised textile industry is turning sick and workers are losing employment. Large enterprises across the country are finding ways to farm out production to cheap labour in ancillary units, or get labour contractors to take on a variety of jobs within the enterprise right under the nose of the union. A union leader in a modern fertiliser plant summed the problem up this way: "We have twice as many contract labourers as permanent workers. We man the process, while they perform all the manual jobs. This is beginning to erode our bargaining power. It is we who have become dispensable and peripheral. If we go on strike, officers can man the process. It is the contract labourers whom they cannot do without."

This is, in fact, one of the prime reasons behind the declining employment in organised industry. It is not to advanced technology that jobs are being lost. At least, not yet. The transfer of work to cheap labour is a more direct and immediate cause of declining employment. With insecure labour proliferating and taking over an increasing proportion of the work of permanent labour, trade unions and their members cannot remain protected enclaves for long. They will have to be concerned about the unorganised out of pragmatism if not out of ideology. ☐



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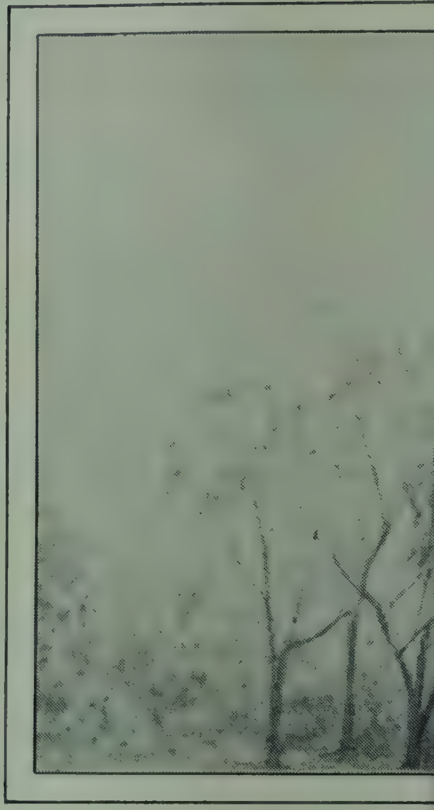

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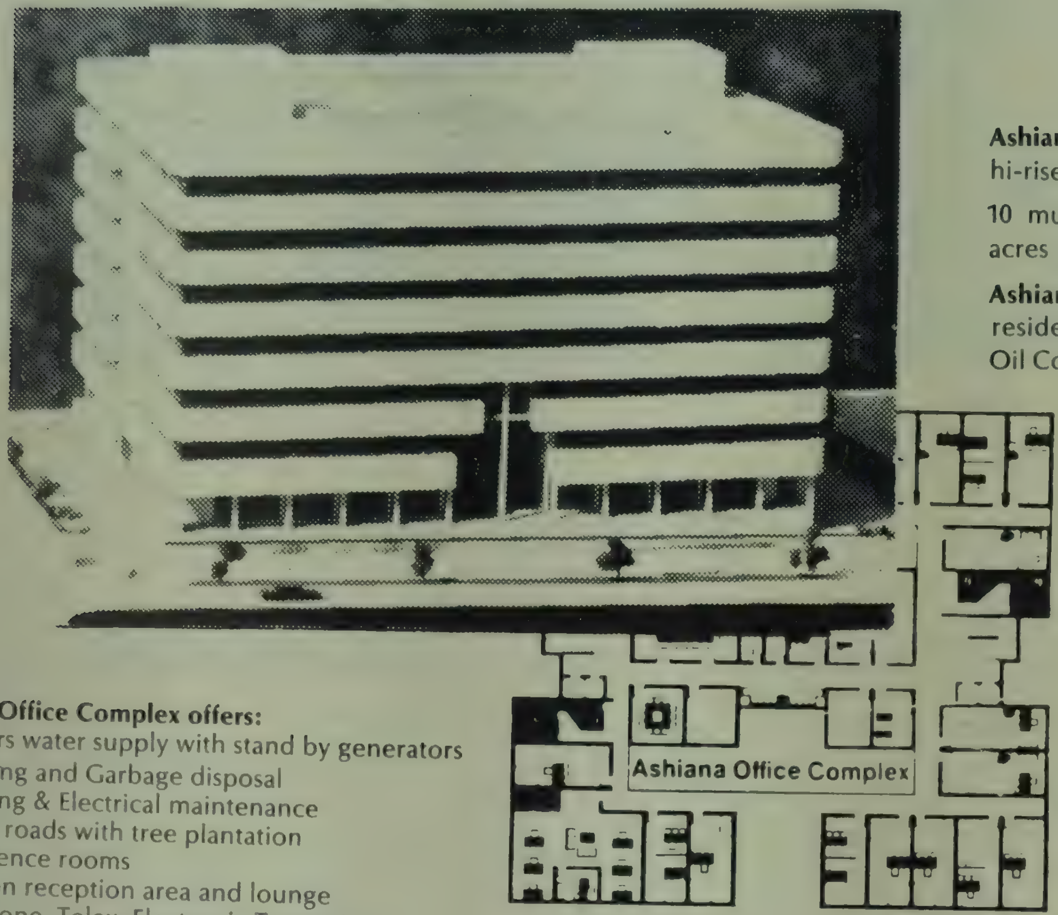

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ESS II, Bangalore

The technology war heats up

For quite some time now, the Centre for Development of Telematics (C-DoT) has been the cynosure of companies licensed to manufacture small telephone exchanges, ie, the electronic private automatic branch exchanges (EPABXs) and electronic rural automatic exchanges (ERAXs). Now, however, everyone is anxiously watching C-DoT's efforts to develop large exchanges with a capacity of 4,000 lines and above. It is hoped that these exchanges, referred to as local or main automatic telephone exchanges (MAXs), will eventually form the core of a national telecom network.

Of the two warring camps on the telecom scene, one pressing for indigenous technology and the other for imports, the latter has of late become very active, spurred on by reports (denied by the Centre) that C-DoT has slipped a wee bit in developing the MAX prototypes. The targeted period was three years, ending 24 August 1987 — a schedule which foreign firms have been describing as over-ambitious and unrealistic right from day one.

In any case, every major foreign MAX manufacturer is now trying hard to somehow lure Indian authorities into buying its products as well as its technology. Offers being tossed around include soft loans, grants and even barter deals. Their Indian agents are hard at work in New Delhi and people within the government continue to vacillate between self-reliance and imports.

The conflict has come to the fore over the long-awaited second electronic switching system (ESS) factory of Indian Telephone Industries (ITI) at Bangalore. This unit will have the capacity to manufacture the equivalent of 500,000 lines in MAXs. This is the same as the first ESS factory set up by ITI at Mankapur in UP, in collaboration with Alcatel of France.

Of the two warring camps on the telecom scene, one pressing for indigenous technology and the other for imports, the latter has of late become very active, spurred on by reports that C-DoT has slipped a wee bit in developing the MAX prototypes. The targeted period was three years, ending 24 August 1987

Following a meeting on 15 March this year between Arjun Singh, communications minister, Santosh Mohan Dev, his junior colleague, D. K. Sangal, communications secretary, and Sam Pitroda, C-DoT advisor, the ministry indicated its preference for C-DoT technology for the Banglaore factory. However, since the indigenous prototypes of the MAX had yet to be developed, the ministry cautioned that the decision to opt for C-DoT technology was a "calculated risk". With the dice going against it, the Alcatel lobby jumped into action by applying pressure through well placed supporters like K.P.P. Nambiar, electronics secretary. This forced the ministry to include some other technology options for the ESS II factory. These are: utilise upgraded E10B technology from Alcatel or use both Alcatel and C-DoT technology and opt for new technology in 1988, if C-DoT does not succeed in developing MAX prototypes by then.

In fact, even before December 1986, when ITI had signed a memorandum of agreement with C-DoT for transfer of technology for ESS II, the company had proposed that 60 per cent of the capacity should initially be based on Alcatel knowhow and the remaining 40 per cent capacity could later be based on C-DoT technology, provided the MAX technology was available, or this could also be set up with French collaboration.

This proposal, however, leaves much to be desired. For one, it is a simple fact that if both technologies are used in the same factory, the workers will find it difficult to change duties from one production line to another. More important, the production flow patterns and processes for E10B technology are tailored to the high-cost labour environments of advanced countries, and would be unsuitable in a factory simultaneously geared to indigenously developed technology.

Keeping this problem, and the all important need for achieving self-reliance, in view, the ministry has argued that under the present circumstances, the Bangalore factory should be set up with C-DoT technology alone. If C-DoT's work on MAX prototypes is substantially delayed, then the government may opt for some new technology. The latter is not yet defined clearly and has made the Alcatel lobby rather jittery since it will open up competition at a later stage. As a defence, the lobby contends that the import of new technology will not only be a setback for C-DoT but also call for substantial efforts on ITI's part to adapt the new technology to Indian conditions and to train Indian hands.

In any case, every major foreign MAX manufacturer is now trying hard to somehow lure Indian authorities into buying its products as well as its technology. Offers being tossed around include soft loans, grants and even barter deals. Their Indian agents are hard at work in New Delhi

But why all this fuss about technology selection for the Bangalore factory when the ministry does not even have the money to buy ITI's existing output? Only if the government decides to increase the Seventh Plan allocation for telecommunications from the present Rs 4,010 crores to Rs 6,000 crores is there a case for setting up the factory.

The root cause of the fuss is the need to re-deploy 7,200 odd workers who will become redundant as production of the old-fashioned Crossbar and Strowger exchanges at Bangalore is phased out between 1987 and 1991. Official sources agree that since the proposed ESS II factory at Bangalore is expected to absorb only 1,000 employees, it will not make a major dent in this problem.

Though everyone has been aware of this problem for quite some time, no one has yet discussed voluntary retirement or incentive-oriented schemes to transfer ITI's surplus staff from Bangalore to its other projects. On the contrary, ITI has been recruiting new hands not only for other projects but also at Bangalore. Only recently did the ministry direct ITI to ban all new recruitments and transfer surplus workers to projects where the staff is inadequate. Official sources hope that the committee set up in April 1987 under the chairmanship of V. Krishnamurthy, chairman of the Steel Authority of India Ltd, to study various issues relating to the ESS projects, will come out with some pragmatic schemes to solve the labour problem.

This issue raises another very fundamental question. Should the government set up new projects just to absorb surplus labour or create new jobs? The decision to set up the ESS I factory at Mankapur instead of Bangalore was primarily taken to facilitate the 'development' of this backward region in UP and create em-

C-DoT: trend setter

That the Centre for Development of Telematics (C-DoT) has done a commendable job in developing telecommunications, as well as electronics, notwithstanding the slippages it has suffered in achieving its over-ambitious targets, cannot be denied. Moreover, it has given a new life to Indian R&D efforts.

The union cabinet granted its approval for setting up C-DoT in February 1984 to develop a digital telephone switching system suited to Indian telecom traffic requirements which will ultimately replace the relatively outdated exchanges to be manufactured in collaboration with Alcatel of France.

C-DoT, registered as a society on 25 August 1984, was given a mandate to develop a main telephone exchange (MAX) with an investment of Rs 35 crores within 36 months, ending 24 August 1987. It is being guided by three world-renowned experts — G. B. Meemamsi, who won a Padma Shree award for developing an electronic analogue exchange, M. V. Pitke and Sam Pitroda. C-DoT has also been seeking limited assistance from some foreign and NRI experts for implementation of specific segments of its projects. Pitroda, an engineer-entrepreneur, had initiated the idea of developing indigenous switching technology when he was living as an NRI in the US in 1983.

Within a year of its inception, C-DoT developed a by-product — a 128-port electronic private automatic branch exchange (EPABX), which soon became the rage of potential EPABX manufacturers. Some firms, which had earlier decided on foreign collaborations under the government's centralised technology import scheme, decided to switch to the indigenous knowhow. As many as 50 companies decided to secure C-DoT technology and, of these, 15 have already started commercial production of those EPABXs which can be sold directly to subscribers.

C-DoT later developed a 128-port electronic rural automatic exchange (ERAX). A prototype of this has been giving satisfactory service ever since it was commissioned at Kittur in Karnataka in July 1986. It followed this up by developing a 512-port ERAX. A prototype of this has been undergoing trials at the Delhi cantonment area over the last few months.

Impressed by C-DoT's success in developing ERAX technology and considering that ITI had also developed its own technology, the government decided to cancel global bids invited for the purchase of ERAX technology in April 1987. It was decided that prospective manufacturers of ERAX can purchase technology either from ITI or C-DoT. Of the 11 firms licensed to manufacture ERAXs, nine have so far opted for C-DoT technology. The remaining two, which were recently given letters of intent, are expected to follow suit.

C-DoT is currently installing a 7,000-port (4,000 subscriber lines) MAX at Ulsoor in Bangalore. Thus, C-Dot's work on development of prototypes has been progressing almost in accordance with the projections it submitted to the inter-departmental committee which reviewed its work in June 1986. According to the committee, the commercial production of the 4,000-line MAX can start earliest by September 1988 but not later than September 1989.

The commercial production of both 128-port EPABXs and ERAXs has, however, been delayed substantially because these exchanges are still awaiting clearances for quality, assurance and reliability from the telecommunications department. Similarly, there is a significant delay in commercial production of the 512-port ERAX.

Even now, however, there is no cause for alarm over the delays since these can only be expected while debugging a new product. The problem has been somewhat accentuated by the inability of component manufacturers to deliver cent per cent reliable components. Besides, there still is a basic weakness in the field of product engineering in India.

But, even the big names in the telecommunications and computer world have suffered from time overruns. Did Gene Amdhal, an ex-IBMer, who shook IBM to the core with his plug compatible approach, not suffer delays in his wafer-scale integration project? Did ITT not face a similar fate in adapting its system-12 exchanges to American specifications?

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ployment opportunities for local people. But at what cost? Setting up the ESS I at Mankapur has not only 'created' the problem of surplus labour at Bangalore but has also increased the production cost of E10B exchanges.

As regards the shortfall in the indigenous availability of electronic MAXs, which has arisen from Mahanagar Telephone Nigam's decision to use only these exchanges in its territory, the deficit is estimated at about 200,000 lines during the Seventh Plan. This can be met by imports from Alcatel, provided its price is reasonable. Otherwise, the government could float a global tender enquiry and make a one-time import of exchanges from the most competitive and suitable tender. Some official sources, who claim to be unbiased, say that there should be no alarm over such one-time imports.

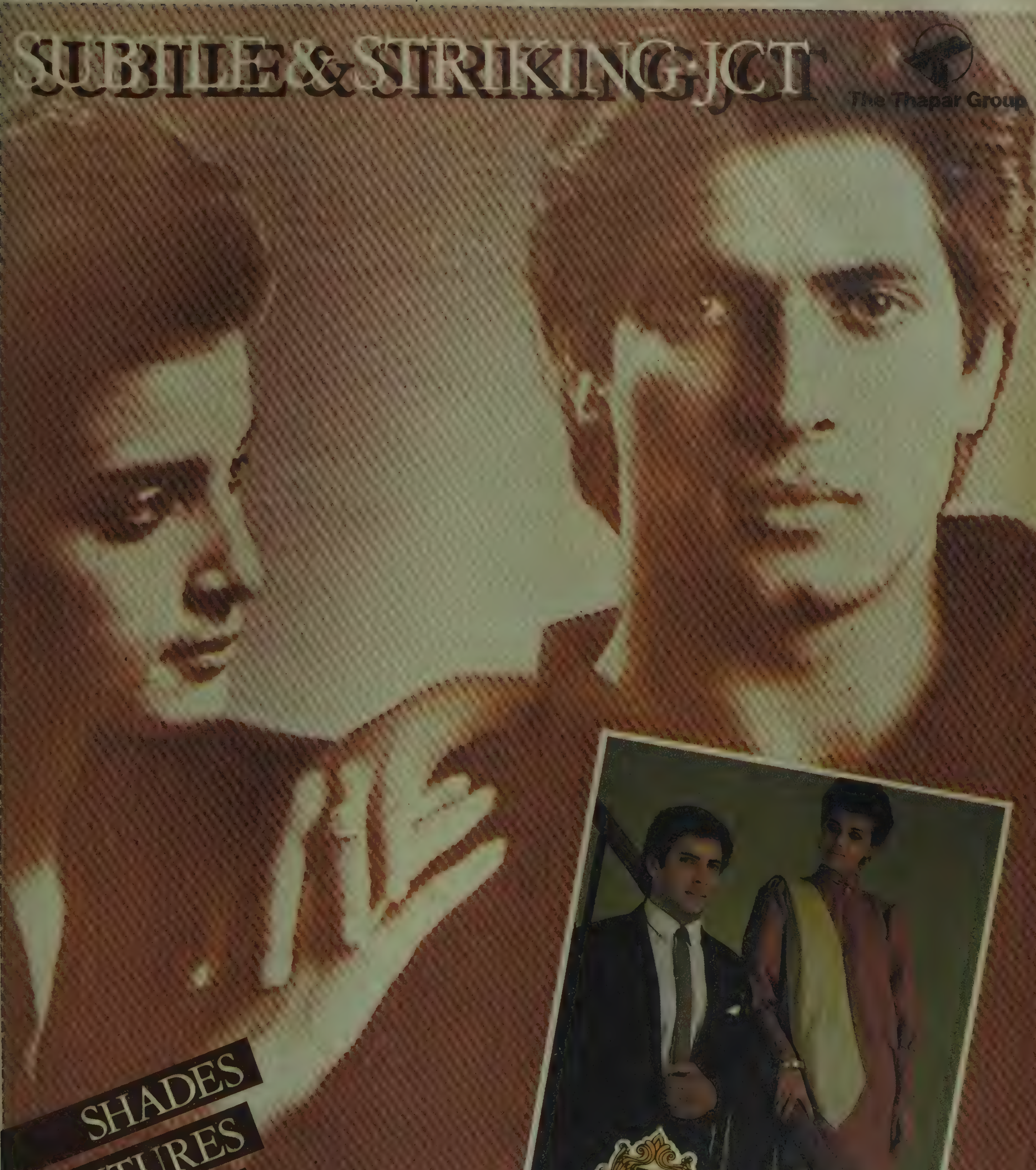
They say that, after all, the communications ministry has recently floated a tender enquiry for the import of a special type of trunk exchange which is exclusive of the ITI-Alcatel collaboration for the manufacture of E10B trunk exchanges at Palghat. Neither Alcatel, which apparently does not make such exchanges, nor C-DoT has voiced concern over this proposed import of eight computerised trunk manual exchanges which can substantially improve the trunk call traffic passing through eight cities.

Sources say that if the government decides to import new technology or even use upgraded E10B technology at this juncture, it may be construed by many people as yet another instance of its inclination towards alien technologies. The government can hardly afford to attract such charges now, faced as it is with troubles on several other deals with foreign concerns.

Critics are already quoting a study conducted by Sweden's Research Policy Institute in October 1985 to lambast the government. The study, which compared the ITI-Alcatel collaboration for the ESS I factory with a similar transfer of technology from Sweden's Ericsson to its former Brazilian subsidiary, says, "The Indians paid over three times more than the Brazilians in obtaining the knowhow for production of electronic switching systems." Though the government dismisses this conclusion by saying that the two cases are not comparable, it seems to hold some water as th investment estimates for the ESS II factory, incorporated in a note from the communication ministry to the cabinet secretariat, woul show.

According to the note, the investment required for the factory with C-DoT knowho amounts to Rs 30 crores by C-DoT's estimate and Rs 58.69 crores by ITI's estimates. Also ITI estimates an expenditure of Rs 138 crore for establishing the unit with Alcatel's help Similarly, the cost per line for C-DoT's MAX i put at Rs 4,000 as per C-DoT estimates an Rs 5,000 according to ITI estimates. The again, ITI projects a cost of Rs 6,750 per lin in the case of E10B exchanges. The cost difference may partly be due to the fact that th C-DoT exchanges, being of the latest generation, require much fewer components as compared with Alcatel equipment, which are of a older generation.

A SPECIAL CORRESPONDENT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FROOTI

Great shake-up in Hyderabad

Capturing the market in the short run was perhaps a common aspiration shared by those who were knocking at Parle Beverages door for a Frooti franchise in 1986-87. Those were the days when Frooti was the only tetrabrik drink in this country. That other tetrabrik drinks would soon arrive in India hardly seemed to count. There was complete confidence in Frooti and it had a basis. The fruit-based drink's runaway success in Bombay at end 1985 was already a legend.

Even as preparations were under way to launch the brand in Hyderabad/Secunderabad, Great Shake (a flavoured Soya milk in Frooti-like packaging) was introduced in the market in March by Noble Soya House Ltd. A venture in which the Bhiwandiwala family of Great Eastern Shipping and Godrej Soaps have an equity stake of 20 per cent each, this drink was the first of its kind to hit the south-eastern state.

Inasmuch as they can be a success, consumer non-durables can also bomb in the market place. So what happens to later products which come into the same market? Frooti's experience is an interesting case. Frooti's franchise in Andhra Pradesh, Arihant Agro Products Ltd, put up a Rs 4.5 crore plant near Hyderabad, comprising two form-filling machines imported from TetraPak, Sweden, and installed with their help. It is capable of producing an average of 2,500 cases of Frooti per day (one case contains 27 packs of 200 ml each). The drink was launched in June in the two cities.

SALES DECLINE

By then the pitch was already queered for the 'wonder' mango drink. Great Shake had done the damage. Transported from Bhopal to the twin cities, Greak Shake was launched with a target — to capture at least 10 per cent of the soft drink market. The three flavours of Great Shake, soya milk — mango, strawberry and chocoloate — soon lined the shelves of provision and general stores in the two cities as Godrej Soaps, the marketing agents, put up an effective display of their distribution might.

In a fortnight, an estimated 1,800 retail outlets had a week's stock of Great Shake. Soon there was an advertisement campaign which began to show rich, creamy and slurpy milk shakes. The brands started moving off the shelf. However, that was short lived. Sales dipped and the brand suddenly stopped moving from the shelf and the consumer repurchase cycle slowed down considerably. The beany taste of soya milk met a wall of consumer resistance. Godrej Soaps took the decision to give the consumer some more time to develop a taste for the product.

It has persistently kept the brand alive on the shelf, using every marketing trick in the book: giving large dealer discounts, paying for display space in stores, selling loose packs, and selling on credit. The last two being unprecedented in the soft drink markets in India, where the business is transacted solely on a cash basis. This was all very fine as long as Greak Shake was the only Tetrabrik-packed product in the market.

The trouble for Tetrabrik as a package began once Frooti entered the market. The distribution outlets being the same as those for Great Shake, Arihant Agro was faced with demands for the same incentives from the dealers. The hard sell tactics that the Noble Soya House marketing team employed was an experiment whose finer points are debatable. It set a precedent which was detrimental to later entrants as Arihant discovered.

Arihant, however, steadfastly refused to bow to the demands for discounts, consignment sales and credit sales. It maintained that Frooti was a proven product and needed no extra push for marketing.

FURTHER PROBLEMS

Says Manan Shah, director of Arihant Agro, "Greak Shake in its desperation has spoiled the market for all Tetrabriks in the twin cities. Not only do retailers expect the same, additional benefits that they have been getting from Great Shake but an overriding incentive to stock a new brand. Thanks to Great Shake, even the consumer believes that the drinks packed in Tetrabrik are either not tasty or are sub-standard."

He adds: "Poor and unstable products in Tetrabrik are only going to create further problems." Shah intends taking up the issue with the TetraPak group and request them to ensure that their buyers pack only high quality and consumer preferred products in Tetrabriks. He admits that Great Shake may have great nutritional value. However, he does not expect the consumer to compromise on taste for greater nutritive value.

Great Shake has implemented a strategy which reflects that soya milk should be targeted more firmly at the growing children category and that its nutritive values be highlighted. Great Shake's bigger problem in the Andhra market is to improve its image at the trade level. Consequently, according to dealer reports, Grate Shake sales have reportedly dropped by 50 per cent in the twin cities.

Frooti, according to Shah, has begun to overcome the initial resistance, thanks to the distinct consumer preference shown for the drink. The repurchase cycle at the consumer level has begun to stabilise. This has generated some confidence in the brand at the retail level and many retailers have begun to call for stocks. Moreover, Parle Beverages, with their decades of marketing experience, left no stone unturned to create a consumer preference and simultaneously diminish retail resistance.

ENCOURAGING RESULTS

At the consumer level, apart from the multimedia 'freaked-out' campaign, local sales promotion was vigorously resorted to "One such event," recalls Shah, "was the sponsorship of a seven-day proficiency programme for 120 schools, covering over 5,000 students. This programme involved debating, writing, dramatics, painting, rangoli and 16 other competitions. The event was organised by the local Leo Club but funded by us. It has gone a long way in creating the right attitude among children and parents towards Frooti." He adds, "We also sponsored a ghazal recital by Pankaj Udhas which was a huge success, resulting in some direct sales and a lot of awareness. A common objective of these programmes was to help remove a negative attitude due to a lack of confidence that kept potential consumers from making the purchase decision. Without the initial purchase decision there is no scope for a repurchase decision.

It is only six weeks (the first week of August at the time of writing) since Frooti's entry in AP. But the first results are encouraging. The offtake in July is reported to have improved quite a bit. "More sports, cinema, and charity programmes will follow," says Shah.

On the retail front, Arihant resorted to a unique method: a meeting of all retailers was held at Hyderabad's prestigious Indira Priyadarshini hall on 5 July where a Swedish marketing expert gave them a talk on the advantages of stocking Frooti. Parle's chief executive, B. M. Vakil, followed it up with the story of its success elsewhere in the country. A lucky draw involving 35 prizes and an orchestra plus some refreshments kept the retailers busy for nearly three hours. Says Shah, "This was the turning point. In the following two weeks sales started swinging up." Currently sales are estimated to be 60 per cent higher than June sales. (Shah is chary of giving factual details of sales.)

Arihant Agro is busy launching Frooti in other AP cities — Tirupathi, Vijayawada, Vizag, Kakinada, Rajamundhry, and Guntur — before others do. Its main aim: to ensure that history does not repeat itself.

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Lows revisited

Every day since 14 August, when the US trade deficit for June was announced to have been $15.7 billion, the dollar has closed lower and lower. It lost 10 yen and 9 pfennigs in a pervasive bearish sentiment. The market naturally concentrates on the main determinant of exchange rates, viz, the trade deficit. Almost everyone now agrees that as far as cross-border trade is concerned, the international parity of the dollar is quite competitive and it has been so for over six months now, during which period the dollar more or less stabilised. Yet that exchange competitiveness has not translated into the narrowing of US trades.

The promising outlook of the dollar of four weeks ago has been belied, and nothing seems to happen to lighten the gloom. Every passing day, the markets' faith in the dollar is weakening. No operator sees any reason to hold dollars. The worries now centre around the July trade figures, which will be announced on 11 September. So the markets are trying to discount that news about which no one can be certain. But the harbingers are certainly not encouraging. The second quarter deficit was at a record level of $39.5 billion. In other words, this means that people outside the US earned as many extra dollars which they must either sell or invest. If the deficit does not decrease, these people will be landed with more and more dollars. If they get the jitters, they will not only sell the current surpluses with them but will also look to disinvest what they are holding in terms of US government securities, bonds and stocks.

Expectations for the July trade deficit range between $15 to 16.5 billion. The worst expectations are reinforced by the reported widening of trade surpluses of both Japan and Germany. Japan reported a surplus in July of $8.55 billion against $7.98 billion reported in June. But economists are a little cautious in interpreting these figures. They maintain that underlying these figures were definite signs that Japan's positive trade balance is narrowing. While exports remain steady, Japanese imports are swiftly rising. July's rise in exports came mainly from large shipments of cars due to model changes after many car makers had restrained exports in June. They also argue that this July's figure is smaller compared to last July's surplus of $8.76 billion. The drop from last July would have been more dramatic if Japan had not imported gold worth $1.25 billion last July.

While granting some validity to these arguments, the fact of the larger surplus remains. The drop over the level a year ago fades away, if one were to compare dollar/yen parity in July '86 and July '87. The only solace perhaps lies in the fact that Japan's domestic economy is recovering from the shock of the yen's appreciation. The jobless rate there dropped from 3.0 per cent in June to 2.7 per cent in July. Maybe the restructuring of the export driven economy is taking effect sooner than expected. Fewer hirings and layoffs in the exports industry were leading to unprecedented unemployment in Japan. The drop in the jobless rate, however, indicated that the workforce in the declining industries is rapidly being absorbed in the domestic industry.

Japan also reported a moderate rise in industrial output in July by 0.3 per cent after a 4.3 per cent rise in June — a second consecutive increase. There are positive signs indicating that manufacturers are finally reducing stocks piling up in the warehouses.

A Japanese recovery at this time means that Japan can live with a strong yen and can perhaps tolerate a higher level. After the announcement of the US trade figures for June, Miyazawa went on record to say that the markets can determine the appropriate level of the dollar/yen rate. So the markets were confident in pushing the dollar/yen rate down from 152 to 142 in two weeks' time.

Also with the trade news of June, the hawks among the Democrats will begin resuscitating the bogey of protectionism in the US when both the houses are reconvened in September, John Dingell, chairman of the powerful House Commerce Committee, has strongly cautioned Japan that its trade imbalance with the US threatens future ties between the two allies. In a letter written to Japanese prime minister Nakasone, he says, "The patience of the American people and American Congress is declining... Japan should lift restrictions on US imports and Japanese exports should carry fair price tags in the US." These are strong words coming from a leading force in the Congressional efforts to overhaul US trade laws.

New York closing rates

	28 August	14 August
Stg	1.6325	1.5875
DM	1.8120	1.8790
Yen	141.85	150.20
SFc	1.4920	1.5585

Expected range of the rupee (mid-September)

Currency	Spot range	6 month fwd
USD	7.64-7.70	4 to 8 cents prem
Stg	4.68-4.74	250 to 350 discount
DM	14.00-14.15	28 to 38 pf prem
Yen	1090-1110	25 to 35 yen prem

As the gloomy outlook for the dollar continues to push it down, the central banks have once again become visible as dollar buyers. Some see these attempts as half hearted and designed to smoothen the decline rather than reverse it. Even the concerted action by the Bundesbank, the Swiss National Bank and Bank of France did not have much impact on the market as the amounts they bought are considered modest. The Federal Reserve was not in the action and the market wonders if the G-7 agreement would be put to the test again. The biggest question, however, is whether the US has reached the limits of its tolerance or whether it is prepared to let the dollar fall even further. Several officials from leading industrial nations are signalling that they do not want any further depreciation of the dollar, raising doubts about the US strategy of using currency parity to redress the trade deficit. Clayton Yeutter, the US trade representative, said that he expected the fall to help reduce the trade deficit. But he qualified his statement by saying that he would be uncomfortable with a further decline.

The natural fallout of the current decline of the dollar is seen in the interest rates. The 30-year bond closed in New York to yield 9.19 per cent p.a. Euro-dollar interest rates are up and so is the Fed funds rate. A rumour also circulated in the market that Citibank had raised its prime rate but this was later denied. The US prime rate currently stands at 8.25 per cent p.a. It is quite possible that the Fed may tighten up to prop the dollar.

Sterling is following dollar movements and is shadowing EMS currencies. Speculation that the pound may after all join the EMS is re-surfacing. While the fundamentals and privatisation in the UK continue to support the pound, its topside is limited. If the dollar decline continues, the pound may rise against the rupee to Rs 21.50 per pound and keep the dollar in a range of 7.63 and 7.70 per Rs 100 in the near and medium term. Importers should not hesitate to cover their requirements at 7.65 or better, taking advantage of the lower premium in the forward dollar. It is likely that the dollar will look up after the initial decline as a lower dollar from here spells more trouble for the US and is a lesser guarantee for improving the trade deficits. Just like the US, countries with stronger currencies require more time for lasting economic adjustments. The US trade figures to be declared on 11 September should give us a further clue. Meanwhile, recent dollar lows may be revisited.

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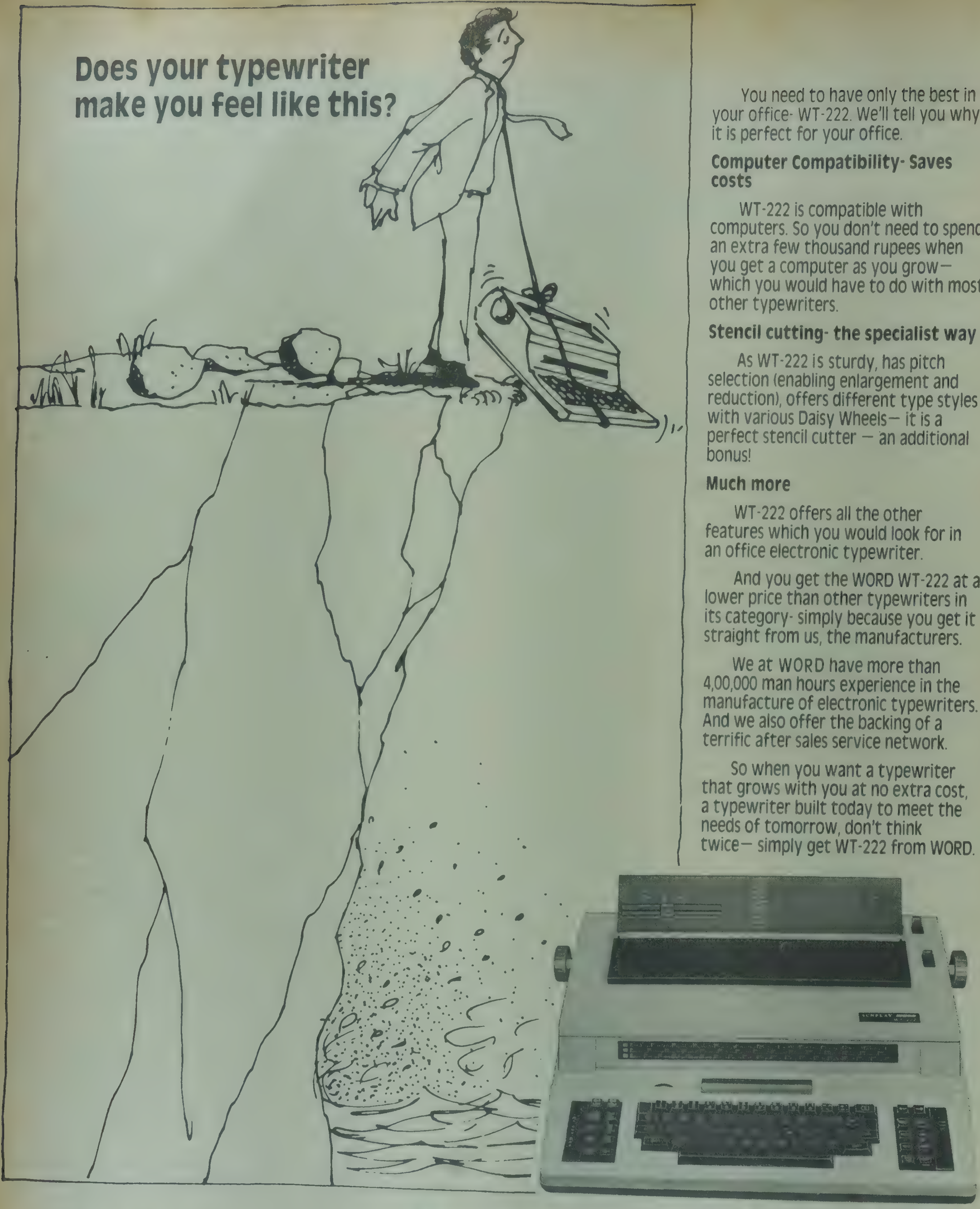

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Eastern Europe

Not all glasnost this!

The profound changes that have been taking place in the communist world during the last two decades — from Hungary under Janos Kadar and China under Deng Xiaoping to the Soviet Union under Mikhail Gorbachov — appears to paradoxically lend itself to the view that the east wind might still after all prevail over the west wind. The process of substantive economic reform which began first in Hungary in 1968, and a decade later in China, now threatens to not only overwhelm the Soviet Union itself, but also some of its lesser partners in the Comecon. In addition, economic news from the Soviet Union these past few months appears to increasingly strengthen the belief that Gorbachov's reforms are for real and have in greater or lesser measure come to stay. Curiously enough however, the response to Gorbachov's *perestroika* (restructuring) has been far from positive in Eastern Europe. On the contrary, the response in some quarters has been decidedly cool, if not markedly indifferent. This is especially true of East Germany, Czechoslovakia and Bulgaria, three traditionally staunch Soviet supporters within the bloc, who have been conspicuously slow in responding to Gorbachov's call for 'restructuring'.

ADVERSE REACTIONS

And yet resistance to his reform is undoubtedly something that Gorbachov is fast getting used to both at home and abroad. At home, there is no dearth of interest groups in Soviet society opposing Gorbachov's *glasnost* campaign. Essentially an attempt to encourage the official press to publicise past mistakes, the *glasnost* campaign has elicited adverse reactions from party apparatchiks, managers and bureaucrats to even ordinary workers and peasants. But this was hardly unexpected: attacks against corruption and the abuse of power are issues that intimately affect those who perpetrate them and it is only natural that they kick back when threatened with a possible loss of the several tangible and intangible benefits and privileges they have been used to. As of now, attacks on Gorbachov's reforms are centred principally though not exclusively around three major issues: the *glasnost* campaign, party authority and economic policy.

The campaign has undeniably resulted in greater openness in the official press in investigating and publicising past mistakes. While there are several sections in Soviet society who do not doubt that all this is for the good, there are still others within the political apparatus who allege that the campaign is not only causing fear and discomfort among the many defaulters against whom the campaign is directed, but is also threatening the morale of a population which has all along been used to hearing praises of the country's triumphs. Accordingly, if the campaign is allowed to run its normal course, at least so the argument runs, the authority of the Communist Party might well be its main victim, a lesson which the Chinese leadership by all accounts is fast beginning to learn.

In the economic domain too, the process of restructuring is proving to be no fun for several ministerial bureaucrats. Under the new dispensation, some firms have been permitted to do their own trading. This has not only resulted in cuts in ministerial staff, but has also led several ministries being merged with others and to the outright abolition of others. When officials who have patiently climbed the ladder over several years of paper work have now reached a point where they can look forward to their privileges, a sudden demotion is bound to be received with hostility. In larger terms, however, opposition to Gorbachov's reforms is not restricted to bureaucratic squabbles alone — there are genuine problems as well. In a system of centralised planning, the consequences of a substantive transfer of power from central planners and ministerial bureaucrats to enterprise managers can prove deleterious if the market is not allowed to provide the discipline which the planning machine can no longer provide. While there is as yet no indication that Gorbachov is indeed contemplating such a change, it is difficult to see how his plans for restructuring will be able to succeed in the absence of according a fairly important role to market forces.

In Eastern Europe, the story, however, is a different one. In the past, the Soviet Union has had the dubious distinction of having uniformly blocked attempts for real change in the Warsaw Pact countries whether this be Hungary in 1956, Czechoslovakia in 1968 or Poland in 1981. If change was attempted, it was firmly put down either by the Soviets themselves or by those who enjoyed their backing. And the story more or less ended there. With Gorbachov shifting ground through his campaign for change, a self-critical attitude towards past mistakes and social renewal, the East European countries face a genuine risk that such admissions such as those that *glasnost* might entail, will release pentup energies that may not necessarily be susceptible to central control.

Not surprisingly, the East European response to Gorbachov's restructuring and democratisation has been extremely varied. The Poles and Hungarians for example, have traditionally enjoyed a greater degree of *glasnost* than what Gorbachov is trying to trigger off in the Soviet Union. But this is not true of the East Germans, who have an efficient even if tightly controlled economy and who want no share of Gorbachov's decentralisation, or the Romanians, who are governed by a political maverick who rules through a network or corruption, nepotism and Russia-baiting, or even the Bulgarians, whose economy has traditionally served as a laboratory for experiments in Soviet economic policy. All these economies are characterised by a relatively high degree of centralisation and it is unlikely that they will respond to Gorbachov's call for meaningful reform at least in the short-term. A preliminary examination of recently concluded party congresses in Czechoslovakia, Bulgaria and East Germany only confirms this impression.

CZECH STRATEGY

The Seventeenth congress of the Communist Party of Czechoslovakia came barely after a month after Gorbachov's first congress as Soviet party leader and perhaps if only for that reason alone, was significantly a far less important occasion. Why? Principally because even while some of the policy proposals outlined by Gustav Husak, the party's general secretary, and adopted by the congress were influenced by those announced by Gorbachov a month earlier, this influence was subject to clearly defined limits. Thus, the new economic strategy envisages a two-thirds increase in national income by the end of the century and a fifty per cent rise in personal consumption, but like the Soviet case, this is to be achieved through a more effective use of resources, modernisation of the economic structure, greater efficiency and the development of new technology. Similar to the attempts at industrial reform in the Soviet Union, this ambitious programme was recognised to require improved co-ordination of central planning along with a shift to qualitative rather than quantitative indicators and greater autonomy and responsibility at the factory level.

The dominant emphasis of the Czech leadership during the congress was, thus, on continuity, and a palpable attempt to dissociate itself with the shortcomings of the Brezhnev era about which open criticism had already begun to gain ground in Moscow. Thus, the general secretary asserted that the Czechoslovak party had learnt on the basis of its experience what the consequences of 'subjectivism, stagnation and a loss of direction' could result in. This emphasis on continuity was also evident in the new bodies elected at the first central committee meeting — there were remarkably no changes in the full members of the presidium or among the nine sec-

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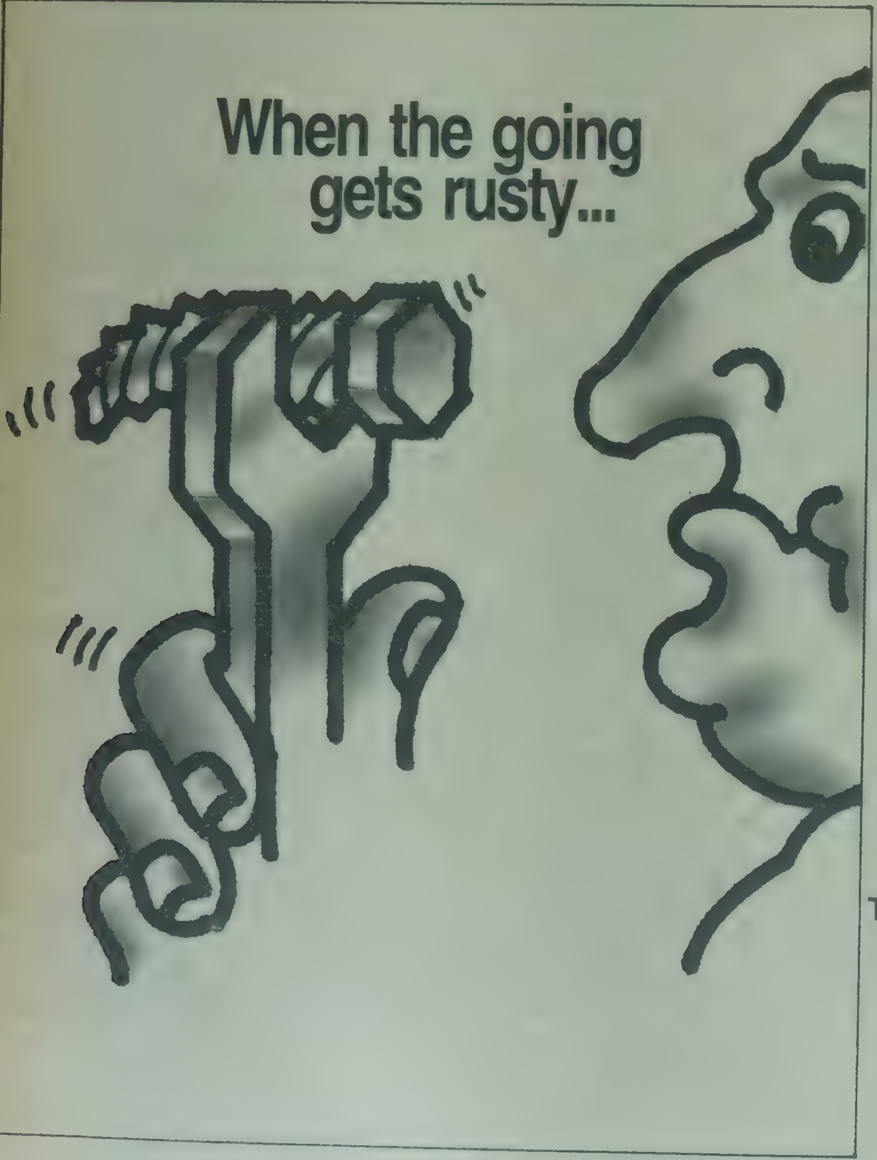
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retaries of the central committee.

In contrast to Gorbachov's call for *perestroika* which includes changes in both political as well as economic structures, the Czechoslovak leadership seems content in successfully adapting itself to the new line in Moscow in the economic domain without relaxing central control, while clearly distancing itself from measures that might recall uncomfortable memories and ignite aspirations for larger changes in the political domain as well. From all accounts, 'democratisation' in Gorbachov's Russia is a synonym for getting rid of dead wood, but even in this very qualified sense, the Czech leadership remains strangely unwilling and reticent.

The major emphasis of the thirteenth congress of the Bulgarian Communist Party too, was on continuity. However, the Bulgarian claim to strengthening the implimentation of the 'scientific-technological revolution' was more credible. While many Western observers interpreted the party general secretary, Todor Zhivkov's call for 'profound change' as a hasty if belated response to Soviet criticism of the way the Bulgarian economy has been run, the call for a scientific-technological revolution had actually been one of the priorities of the Bulgarian political agenda since February 1985, which predates Gorbachov's accession to power by one month.

FRANK CRITICISM

It may be recalled here that Bulgaria had been pursuing the New Economic Mechanism since 1982. Even while retaining the mechanism of central planning, the New Economic Mechanism aimed to simplify the process of planning by allowing greater enterprise autonomy. By 1985, it had become clear that the New Economic Mechanism had failed to achieve its objectives — its failure was partially due to exogenuous factors which included the severe winter of 1984-85 and and the summer drought which followed it as well as a considerable decline in Soviet supplies of oil and coal, which not only led to frequent power cuts, but also to a substantial decline in industrial production. The summer of 1985 witnessed unusually frank criticism from the Soviets of the quality of Bulgarian goods exported to the USSR, the attachment of peasants to their private plots and delay in coordinating the two countries' plans for the five year period 1986-1990.

There is little doubt about the immediacy of the repurcussions of the criticism voiced by the Soviets. Stanish Bonev, chairman, of the State Planning Committee was dismissed on the eve of Gorbachov's visit. He was also subsequently relieved of his senior party position of a candidate member of the politburo in January 1986. Todor Bostinov, a full politburo member who was ministr of energy and material resources until May 1985, and thereafter minister of supplies, was likewise dismissed. There was a further ministeral shake-up on the eve of the congress when Prime Minister Grisha Filipov was replaced by Georgi Atanasov. The speculations of many Western observers that Zhivkov himself might step down after thirty-two years as party leader given the evident lack of sympathy for him from Gorbachov proved to be unfounded. Not only was the new policy of implementing the scientific-technological revolution associated with Zhivkov, but the politburo and the secretariat was radically reconstructed to ensure a balance between technocrats and ideologues.

VAGUE PROPOSALS

All this is clearly inadequate; the proposals for the new scientific-technological revolution remain vague and nebulous. Not only is the degree of implementation of the proposals doubtful but it also remainsto be seen whether the largely rhetorical speeches of the congress were for real or were intended to appease Soviet criticism of Bulgaria's shortcomings. What remains clear is that Zhiokov's implicit admission of opposition to his plans does not display encouraging signs for the future of the Bulgarian economy in the long-term. Contrary to popular belief, his position has been strengthened by the continued support of the Soviet Union which leaves the question of his successor even more difficult than ever. Thus, while present-day Bulgaria is willing to adjust to the changes in Moscow, it is still not prepared to forge ahead of its centralised neighbours in endorsing Gorbachov's call for restructuring the political and economic mechanism that governs the functioning of planned economy.

The distinguishing feature of the eleventh congress of the Socialist Unity Party of Germany which took place in East Berlin from 17-21 April 1986 was that there were no great surprises. Neither was there any debate or discussion about major policy guidelines but this was mainly because most of the discussions had taken place before the congress. It is also of interest to note that Gorbachov chose this congress at Berlin to put forward his proposals for a reduction in the arms race. In addition, the Soviet leader took time off to visit East German plants and inform himself of developments on robot and computer technology, which suggests that there is much the Soviets have to learn from the experience of the GDR and appear by all accounts, to be willing to learn them. What was interesting about the congress lay however in not so much about what was said but rather lay in what was not said. It was not even two months that Gorbachov had given his call for *glasnost* and *perestroika* in the Soviet Union and there was little doubt that a large part of what he said was as applicable to his own country as it was to the GDR. And yet the eleventh congress chose not to endorse his line.

But the one country within the Soviet bloc which has been willing to openly repudiate Gorbachov's call for openness is Romania. There are two possible explanations for this state of affairs. The first is related to the high degree of centralisation, orthodoxy and repression that underlines economic and political affairs in Romania. The Romanian economy has been traditionally run on rigid Stalinist lines which explains why the Romanian leadership has flatly rejected notions of democratisation, self-criticism and liberalisation that come under the purview of *glasnost*. The other less convincing explanation is provided by Romanian officials themselves who justify the Ceausescu regime's antipathy to Gorbachov's *perestroika* by presenting it as a manifestation of the country's independence. But nothing could be further from the truth. It is well known that Romania is governed by a political maverick who rules through a network of corruption, nepotism and Russia-baiting, and the latter had earned some limited economic dividends for the regime from the West. The official argument is clearly nothing more than a justification for the continuation of the autocratic and repressive regime of Nicolae Ceausescu.

TEMPORARY PHENOMENON

But all this may prove to be a temporary phenomenon. Not only has the Romanian leader's health been failing, but there also appears to be an increasing transfer of power to his wife, who is the first deputy prime minister of the country, and his son, who is the youth secretary of the party. All this has resulted in a misjudged sense of complacency vis-a-vis the Soviet Union which might well prove to be a short-term phenomenon. Under the circumstances, Gorbachov is probably waiting for a more amenable successor to Ceausescu before exerting pressure to get his own way.

From a more general point of view, Gorbachov has no serious cause for worry over the intransigence of his East European partners. Most of them are heavily dependent on Soviet supplies of crude and Gorbachov has already begun demanding better machines and equipment in exchange for precious supplies of fuel. In the long run, the East Europeans will be left with no other alternative other than falling in line. Either way developments in the Soviet Union and Eastern Europe merit close attention in the months ahead.

RAMNATH NARAYANSWAMY

A special section
on global affairs prepared for
Business India

World Paper

GLOBE-TROTTING FUNDS

Investment billions: an overload crisis

Here's the good news. Billions of dollars are flowing across national borders in a boom making international equity markets truly global from Bangkok to Zimbabwe. The bad news: an archaic world financial marketplace can't handle the load. Biggest factor is globe-trotting pension fund assets from industrialized countries. By 1990, they will pour an additional US$300 billion on world investment markets, up 25 times since 1980. With trading on a 24-hour basis across time zones from New York to Hong Kong, even relatively advanced markets in London and in Milan have trouble keeping up with transactions. That means investors can't buy or sell, traders don't get paid, dealing is stifled. It adds up to pending disaster, experts say.

TWENTY YEARS AGO, bull market investors nearly overwhelmed US exchanges. New York Stock Exchange daily transactions, 3.8 million in 1962 and projected to double by 1975, hit more than seven million by 1966. The back offices where US brokers did their paperwork were swamped.

''Fails'' rose as traders failed to complete transactions within the five days required by the NYSE. Buyers never got their stock. For December 1968 alone, ''fails'' amounted to US$4.1 billion. Since brokers were not paid until transactions cleared, they starved for cash. Brokerages collapsed. Of 646 NYSE member firms in 1966, 434 had survived by 1974. Among the losers, either vanished or swallowed up in mergers, was Goodbody & Company, the country's fifth-largest brokerage firm. Wall Street eventually banded together, forming a National Securities Clearance Corporation that by 1976 had restored order. Now NYSE daily volumes routinely are over 100 million; the fail rate is 2.5 percent.

Financiers foresee the same ''back office crisis'' on an international scale if wealth overwhelms a global system still technologically undeveloped and already fragile because of a widespread debt crisis. Among them is Roger E. Birk, chairman of the worldwide financial services firm of Merrill Lynch from 1981 to 1985. He became chairman in 1986 of the International Securities Clearance Corporation (ISCC), a US securities industry organization seeking to create an international clearance and settlement system. It established in July its first two-way clearance link with the International Stock Exchange in London and is exploring links with Japan and continental Europe. In the accompanying article, the result of a conversation with WorldPaper, *Birk spells out the threat of worldwide crisis.*

Billions add up to world trading overload

Former Merrill chairman warns cash surge could disrupt fragile financial system

BY ROGER E. BIRK
in New York City, USA

DURING A COFFEE break at a seminar in Paris recently, a young French woman asked what business I was in. She didn't know Merrill Lynch very well but she had just bought her first security, which was Paribas.

''I'm very pleased,'' she said, ''because I've made 24 percent in three months.''

Ten years ago this woman would never have heard of equity markets. In fact, I've been told that today in the United Kingdom only 50 percent of the people even have checking accounts.

Until now, much of the world focused on working to earn benefits such as free medical care or to build a pension rather than to acquire wealth.

That mentality is changing. More people want to own their own homes and to try to build wealth. Many, like the French woman, have not had prior exposure to equity markets, and their interest is having an incredible impact.

Now we're seeing financial programs on UK television. The typical citizen is excited about equities. What's happening in the UK is happening around the world. As a result, the equity markets are rapidly becoming global markets.

This surge of interest has happened in other markets. The growth in the Eurobond market has been remarkable. Five years ago, new Eurobond offerings totaled $47 billion. The total was $183 billion in 1986. Secondary market activity, which was under $1 trillion in 1980, exceeded $3 trillion in 1986.

'Someday, global buying and selling.'

Global equity markets are growing and most likely will continue to grow because of performance. International equities were the best-performing portion of investors' portfolios in 1985 and 1986. Deregulation, technology advances and privatization have also contributed to growth. Foreign investors' activity in US equities has increased from $75 billion in 1980 to $277 billion in 1986. US activity in foreign equities has risen from $18 billion in 1980 to $101 billion in 1986. These are phenomenal increases.

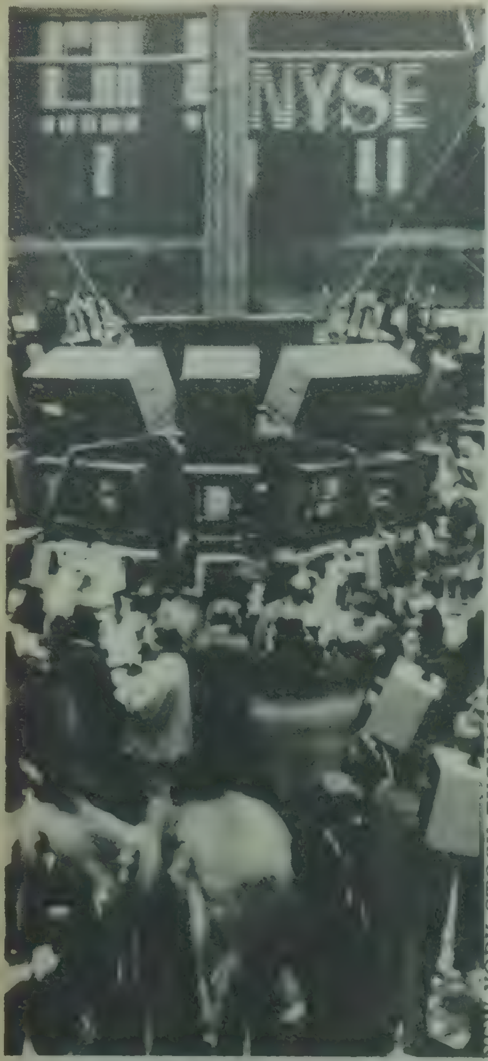
It's important to recognize that the international market is really an institutional rather than a retail market. Smaller investors tend to buy mutual funds or participate through their pension funds, rather than buy directly. Pension and mutual funds are important because their growth in volume contributed to the ''paperwork'' crisis 20 years ago when the clearance and settlement system was not efficient enough.

There were 29 overseas mutual funds with assets of $6.3 billion in the United States in 1983. This number grew in 1986 to 73 funds worth $17.5 billion, an increase of over 50 percent a year. I've heard a projection of $35 billion for 1987.

Managers of pools of capital are looking all over the world today to places like Thailand and Korea as possibilities for investment. Barton Biggs at Morgan Stanley said last year the Thailand Fund was the most attractive in the current market. But if you want to buy some Thai stocks, what do you do? All these transactions must be executed and settled somehow.

David Walton Master of County Securities in London has noted that the US system of executing and clearing transactions works well.

''If you date the United States as the



NEW YORK STOCK EXCHANGE

Could this structure come tumbling down?

1987 standard,'' he added, ''then the United Kingdom lags around the 1950s, Japan is in the 1920s, and much of Europe is still somewhere in the 17th Century.''

According to the head of the London Stock Exchange's committee on international equities, 60 percent of its international transactions don't settle their first time around.

If the United States had problems in the late 1960s and 1970s because of the growth of equity trading, imagine what the world is facing with its multi-currencies, conflicting vested interests and no single regulator?

If trading continues to expand without improvement in clearing and settlement process, then we're going to have a crisis similar to that which occurred in the United States 20 years ago.

Between Third World debt problems and the excess of leverage, we are in a reasonably precarious position with respect to worldwide banking. I'm not predicting this—but an interruption in the world financial system could be a serious problem because we have an unorganized clearance and settlement system in which the number of transactions is increasing rapidly. A major disruption could lead to a Goodbody times ten.

In situations such as these, the customary ways of doing business disappear. People will not be able to complete transactions. And, interruptions lead to bankruptcy. It's as simple as that. That's not necessarily going to happen. But the threat is there if the whole clearing process does not become better organized.

The ISCC is working toward a formal centralized world clearing organization, similar to the one we have in the United States. It was put together in the 1970s because the clearance issue became national. Congressmen in Iowa were hearing every morning about people who didn't get their stock certificates or about the investor who went broke because he couldn't get his money. So Congress said, ''Put it together, folks, or we'll federalize it.''

This approach would not work worldwide because nationalism and other self-interests are too strong. ISCC's strategy is, first, to develop an informal system electronically linking major market centers; then in the longer term, participate with clearing and depository organizations around the world to develop a global securities clearance and settlement system.

International markets create a whole new set of questions. Now trading is 24 hours. Is the New York Stock Exchange going to have a midnight shift so that people overseas can trade here? Or is that market going to move? Will the Japanese have an active US equity market in their time frame, or will the Japanese institutions buy at night when the US market is open?

The technology is certainly there for a modernized trading system. The hard part is convincing the special interests to allow it to happen. But because of the growing need to match those who need capital with those who have it, the major markets will muddle through. In a decade we'll have gone a long way towards a system where you can buy or sell virtually any security throughout the world and be reasonably assured you are going to get efficient settlement.

The risk can only be measured by matching it against what happened in this country 20 years ago because it's exactly the same scenario with exactly the same motivation.◆

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AP/WIDE WORLD

Kimonos traditionally worn on opening day at Tokyo exchange disguise steely drive to be No. 1.

Japan's 'overgrown child' bids for world leadership

Tokyo falls short of New York, London financial stature

BY KIRK R. PATTERSON
in Tokyo, Japan

THE HEADLINES chip away at the belief that the world of finance always will be a Western world:

"Tokyo Stock Exchange Replaces New York Stock Exchange as No. 1"

"16 of World's Top Finance Institutions are Japanese"

With every such headline, Western fears grow. Fears that Tokyo will overtake New York as the world's leading financial center, just as New York overtook London after World War I.

Fears that Japanese financial institutions will rampage through New York, London and other overseas financial centers, gobbling up market share and bankrupting long-established competitors.

Like most fears, these spring from legitimate concerns. Like most fears, they are largely unjustified.

The emergence of Japan as a financial powerhouse should surprise nobody. Japan's current-account surplus, with the rest of the world in 1986 reached US$86 billion, about 18 times the level six years ago, more capital than its borrowers could absorb.

Sitting on this mountain of cash, Japan quickly has emerged as the world's leading creditor nation; in 1986, Japan's long-term capital deficit stood at $131.8 billion, double that in 1985.

Tokyo also owes its prominence in international finance to geography. Tokyo covers the time-zone gap encountered when moving westward from New York to London, making it the crucial third center in the emerging 24-hour daily global securities market.

Foreign financial institutions have come en masse, lured by visions of huge profits and the hard-to-refute argument that they can't afford *not* to be in Japan. Six foreign securities firms now sit on the Tokyo Stock Exchange, with at least 10 more likely to join them soon.

For all the talk about Tokyo's Kabbutocho surpassing Wall Street, the Tokyo financial market is still amazingly unsophisticated by international standards. A senior official of the Bank of Tokyo recently likened the Tokyo market to "an overgrown child, big but not mature."

Tokyo lacks many mechanisms generally associated with major financial markets. The Japanese bond market has no equivalent to the US Depository Trust Company or to Euroclear, through which members deliver securities among themselves using computerized bookkeeping entries. Nor does Tokyo have a computerized system for local funds settlements. Most startling is the absence of a well-developed money market and an independent credit rating system.

Tokyo still does not have "the vibrancy and creativity of New York and London," says John T. Clayden, vice president of Royal Bank of Canada's Japan branch. He feels the lack of such innovative products as traded options and futures is a weakness hindering the ability of Japanese institutions to attract non-Japanese customers.

But the Tokyo market is unlikely to remain a poor stepsister to New York and London.

"Tokyo still has a long way to go to reach New York," says William P. Sterling, senior economist at Merrill Lynch Japan. "It faces the inertia of relatively antiquated institutions, practices and modes of doing business." But, he adds:

"Japan will really have to fall asleep at the wheel to avoid becoming a major nexus in the world financial system."

However, Tokyo poses no threat to New York and London. The concept of competition runs counter to a trend of integration in an increasing number of financial centers. Just as the City in London learned to exist with Wall Street, so, too, will these two centers come to terms with Kabbutocho.

Tokyo, London and New York have more to gain by cooperating rather than competing, thus promoting a truly global financial market.

With cooperation, Japanese and non-Japanese financial institutions will become increasingly interrelated and interdependent. Global alliances, formal and informal, will be forged. Acquisition of equity interests in Shearson Lehman Brothers by Nippon Life Insurance and by Sumitomo bank in Goldman Sachs are two recent examples of this process.

A tripolar financial system supported by global alliances creating a better integrated international market will be the order of the day. And all the western fears about the Japanese threat will have been for nought.♦

Kirk R. Patterson, a Canadian, is cofounder and director of IR Japan Inc., a Tokyo-based investor relations agency.

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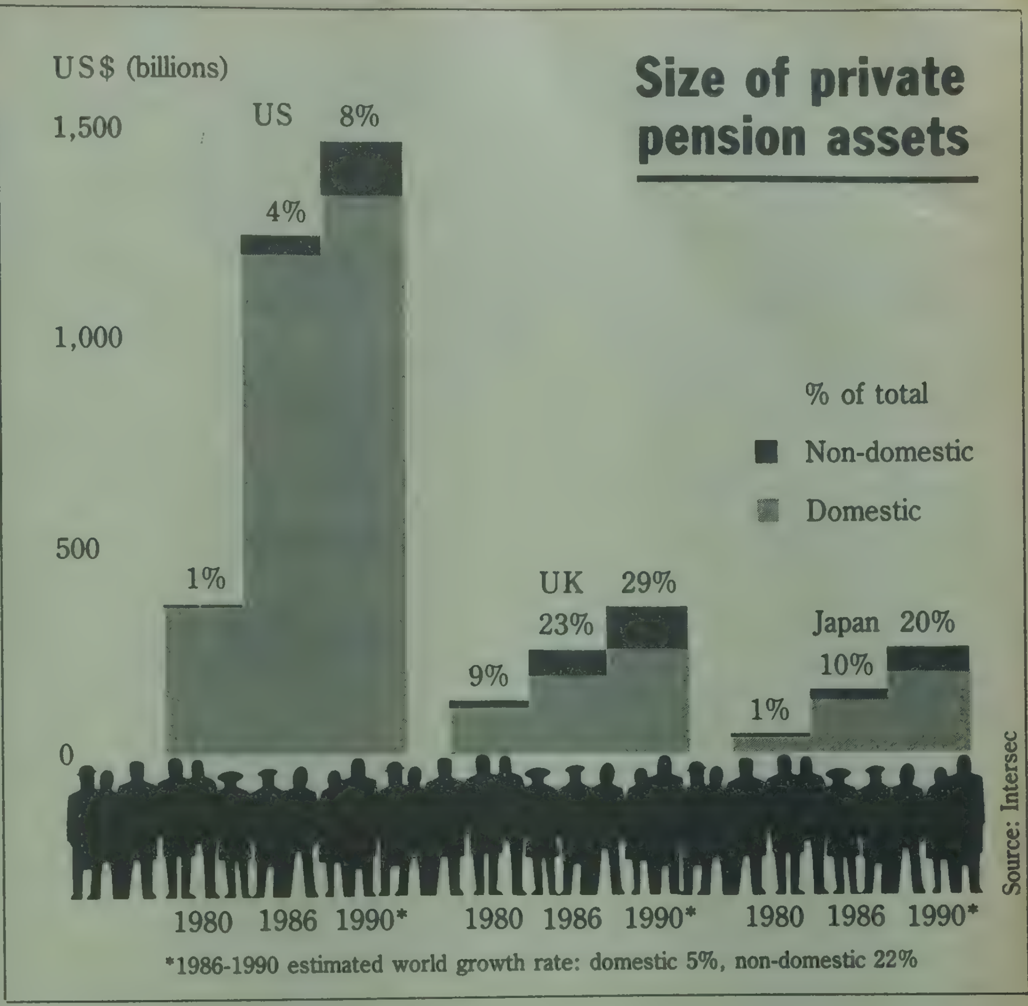

*1986-1990 estimated world growth rate: domestic 5%, non-domestic 22%

Source: Intersec

TOM BRIGGS DESIGN

NOWHERE IS the push to invest pension money abroad getting stronger government support than in Holland. Despite an area one-third the size of Nicaragua with a population less than one-tenth the size of its former colony, Indonesia, the Netherlands is a great power in the pension fund world. With about US$175 billion in public and private pension assets, Holland stands behind only the United States ($1.8 trillion), Japan ($300 billion), and the United Kingdom ($260 million). It also is the home of the world's largest single pension fund, the $65 billion Algemeen Burgerlijk Pensioenfunds (ABP), which covers Dutch civil servants.

The tidal wave of money beginning to inundate the international investment world includes impatient assets from globe-trotting pension funds that are growing at a bewilderingly swift pace. In the six years between 1980 and 1986, private pension funds all over the world grew from $630 billion to $2 trillion, according to Intersec, an international pension fund monitor. Figures weren't even available in 1980 for public funds, but by the end of 1986, the amount in those portfolios totalled $1 trillion.

The combined total of $3 trillion amounts to $600 for every one of the earth's 5 billion men, women and children, including many who never will see that much money at one time in their lives.

Of the $375 billion in US private pension funds in 1980, 1 percent—amounting to $3.7 billion—was invested abroad. Intersec projects that in 1990 US managers will be investing $120 billion abroad, up 30 times. The projected increase in Japanese private pension fund money invested abroad is more spectacular. In 1980, the amount was approximately $500 million, about 1 percent of the money in the private funds; the 1990 projection is $50 billion.

Under the strong arm of finance minister Herman Onno Ruding, the Dutch government is prodding the country's little-known but enormously wealthy funds to invest more money abroad.

He has proposed revoking the tax-free status of pension funds, a move seen as provoking ordinarily conservative Dutch managers to include international equities in the search for higher-yielding but riskier investments to help them pay new taxes.

Ruding also is pushing through parliament regulations permitting ABP to invest 5 percent of its $65 billion portfolio in major industrialized countries. That amount will total about $4.5 billion by 1992. Officials say the money will go to the EEC countries, the United States, Canada, Australia, New Zealand, Switzerland, Sweden and Japan.

The finance ministry says it initiated the move to lessen the fund's dependence on investments in the cramped Dutch capital market, the same reason behind Ruding's goading of the private funds. Around 80 percent of ABP's portfolio is made up of low-yielding, fixed-investment rate government or government-guaranteed bonds. Managers say they gradually will increase the 3 percent—around $2 billion—invested in equities but remain cautious because of a scandal that sent APB's investment manager to jail.

All other Dutch pension funds have always been free to invest abroad. Private fund investment abroad for the first quarter of 1987 was about $2.4 billion. But conservative Dutch pension fund managers resist riskier foreign investments, says Peter A. Bloementhal, head of the institutional investment department for the Amsterdam merchant bank, Pierson, Helding and Piersons.

''They look for investments with reasonable returns and high margins of safety,'' he says. He also notes that although the government bonds much loved by the Dutch pension funds are low yielding, the real return is greater in the United States or United Kingdom because Dutch inflation is so low.

Germany and Switzerland are the most often tapped capital markets for the Dutch pension funds that do invest abroad. ''The stability in the markets and the stable rate of exchange ensures a low risk,'' says Andries Mak van Waay, an analyst for Pierson, Sol Oppenheim. ◆

Sonja Mooradian is a business journalist in Amsterdam.

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DELFT

Exotic tourist spots now targets for stock buyers

Share indices rise from Zimbabwe to Bangkok in boom

BY MICHAEL HARTNACK
in Harare, Zimbabwe

THE ZIMBABWE stock exchange may be one of the smallest in the world, with no formal trading floor and only six members.

But what the exchange lacks in size, it makes up for in tenacity. After reviving dramatically as Zimbabwe was created out of war-torn Rhodesia, the tiny exchange wilted during three years of drought and inflation in the early 1980s. Now its index has rebounded from a low of 100 points in 1984 to a healthy 324 points.

Zimbabwe's index is representative of the growing number of small, often volatile markets that are catching the eye of foreigners in countries once regarded more as tourist destinations than as global investment opportunities.

As oil prices move higher, the New York-based Morgan Stanley investment house reported Mexico's stock index up 265 percent in local currency terms and 147.4 percent in US dollar terms for the first six months of 1987. The Singapore/Malaysia exchange rose 47.4 percent. The firm's Capital International Perspective index, representing US$6.3 trillion in securities traded on world stock markets has risen 27.7 percent.

Barton Biggs, managing director of Morgan Stanley asset management, targeted Thailand's securities exchange (SET) in April 1986 as a place where "all the ingredients for an economic and investment 'miracle' seem present." Foreign capital increased ninefold to $240 million in the market since. The Thai index, at 130 in April 1986, stood in July at 230, close to its 1979 high of 260.

Zimbabwe, with its $480 million capitalization and $15 million annual turnover, is much smaller than the Thai exchange, which has a market capitalization of around $2 billion. Its players also have to worry about Prime Minister Mugabe's plans for a "Marxist-Leninist transformation of society," which may have no room for a stock market.

"Today it is not a Marxist country at all, and the stock exchange seems to be welcome," says Zimbabwe exchange chairman Bill Burdett-Coutts. "There is a chronic shortage of scrip. But with average dividend earnings of 12 percent, Zimbabwean shares still give good value for money compared with yields on other stock exchanges around the world."

The exchange shrank drastically during a 14-year United Nations economic blockade of white-minority-ruled Rhodesia but revived dramatically after the establishment in 1980 of Zimbabwe. Mugabe put aside Marxist rhetoric to favor a "mixed economy" with private capital in partnership with a socialist government.

Under Zimbabwe's strict foreign assets laws, only local companies' shares are traded. Zimbabwe's foreign exchange control regulations and relatively harsh tax laws are problems for share purchasers from abroad.

A foreigner sinking more than $18,000 into Zimbabwean shares must leave it in the country for at least two years. When he sells, any appreciation above original value is subject to a flat 30 percent capital gains tax. The remaining 70 percent of his profit must be invested in the Zimbabwean government's own 4 percent interest rate bonds, which are remittable abroad only in a phased payout over a six-year period.

Some countries, such as South Korea and Taiwan, bar foreigners from directly investing in their market. More commonly, countries limit the share of local enterprises that may be bought by foreigners. In Thailand, for example, foreigners may not purchase more than 25 percent of the total shares of local commercial banks.

Overall, SET is taking steps to encourage foreign investment. The stock exchange plans to have dual-class stocks to accommodate foreign buyers and a new column for transactions among foreign investors since the level of their buying has hit the ceilings set for certain kinds of business.

ZSE chairman Burdett-Coutts hopes Zimbabwe might follow Thailand's lead. "I am very much a believer in equity investment in the Third World rather than loans or aid," he said. "Loans have to be repaid, and aid gets misapplied. Equity investment can be put into something productive to create jobs, which is the biggest single problem facing the country."◆

Michael Hartnack is a journalist based in Harare, Zimbabwe.

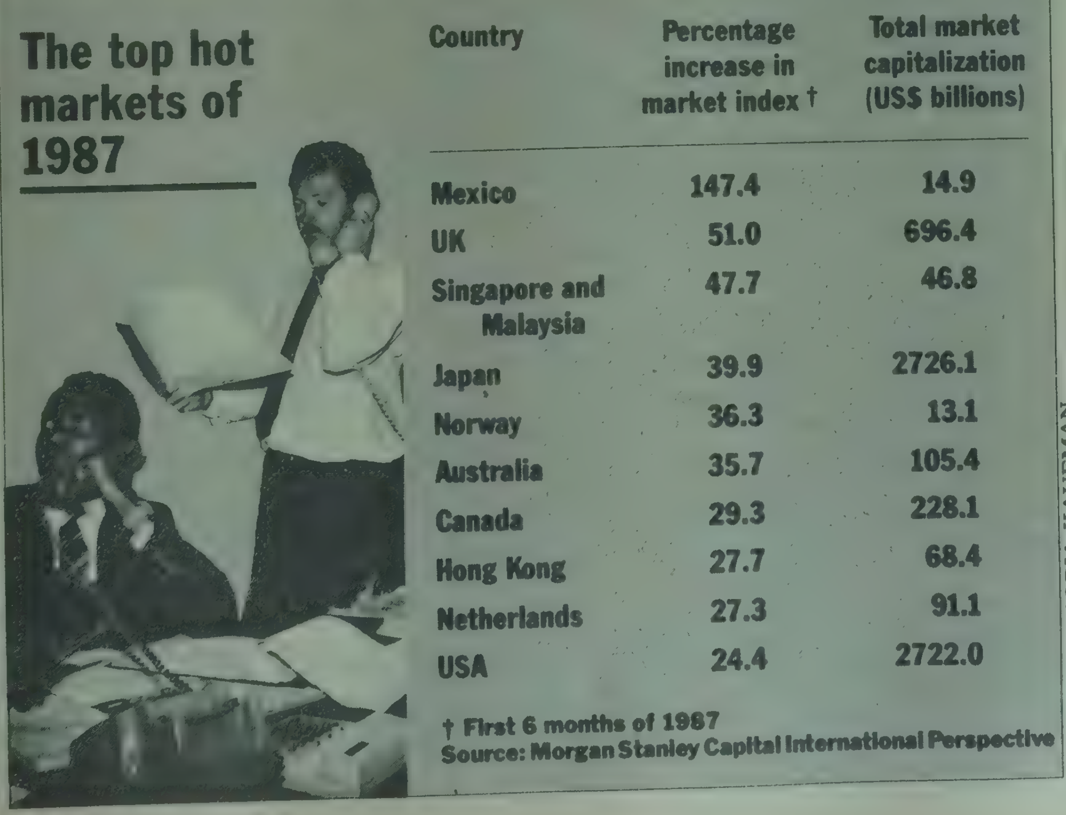

PHOTO: VICTORIA KAUFMAN

The top hot markets of 1987

Country	Percentage increase in market index †	Total market capitalization (US$ billions)
Mexico	147.4	14.9
UK	51.0	696.4
Singapore and Malaysia	47.7	46.8
Japan	39.9	2726.1
Norway	36.3	13.1
Australia	35.7	105.4
Canada	29.3	228.1
Hong Kong	27.7	68.4
Netherlands	27.3	91.1
USA	24.4	2722.0

† First 6 months of 1987
Source: Morgan Stanley Capital International Perspective

Tata Chemicals

Good show in spite of glut; interest liability substantially higher; various growth oriented plans; huge investments in Tata Fertilizer Ltd and public sector bonds; participation in Karnal Refinery Project confirmed

Tata Chemicals Ltd has reported an improved performance for the year ended 31 March 1987. It has established a number of records in terms of production, sales, etc. Its performance should be analysed, keeping in mind shortage of coal and coke of acceptable quality, severe drought, and a glut in the soda ash market on account of increased indigenous production and imports.

During the year Tata Chemicals signed a memorandum of understanding with the Indian Oil Corporation Ltd and the government of India for participation in the highly prestigious Karnal refinery project. This will open avenues for the company's growth in organic chemicals and offer opportunities to enter the field of petro-chemicals, lubricants, etc.

The company achieved fairly even and assured self-sufficiency in kurkutch salt, the basic raw materials for its products. It disposed of its only ship *MV Veer Varma* as scrap.

During the year, sales were higher by 17.6 per cent to Rs 182.40 crores (previous year: Rs 155.11 crores). Despite a 10.7 per cent fall in other income at Rs 11.15 crores (Rs 12.34 crores), operating profit was higher by 30 per cent at Rs 66.58 crores (Rs 51.20 crores). Interest costs almost doubled to Rs 21.82 crores (Rs 11.03 crores). With a 5.5 per cent increase in depreciation charges to Rs 13.41 crores (Rs 12.71 crores), pre-tax profits were higher by only 14.2 per cent at Rs 31.35 crores (Rs 27.46 crores). The tax liability went up substantially by 51.4 per cent to Rs 8.75 crores (Rs 5.78 crores). As a result, the net profit was marginally higher by 4.27 per cent at Rs 22.6 crores (Rs 21.68 crores). Mixed trends are indicated by ratio analysis. While operating margins are higher at 36.5 per cent (33 per cent) gross margin and net margin have been lower at 24.5 per cent (25.9 per cent) and 12.4 per cent (14 per cent), respectively. Due to an increase in tax liability, the tax ratio is higher at 27.9 per cent (21 per cent). Return on shareholder's funds have gone down to 17.5 per cent (19 per cent) and with equity dividend remaining unchanged at 25 per cent, the payout ratio is lower at 30 per cent (31.4 per cent).

(Rs crores)

Year ending 31 March	1987	1986
Sales and other income	193.55	167.45
Operating profit	66.58	51.20
Interest	21.82	11.03
Depreciation	13.41	12.71
Pre tax profit	31.35	27.46
Tax	8.75	5.78
Net profit	22.60	21.68
Equity capital	27.19	27.19
Reserves	102.12	86.35
Loans	219.28	127.80
Investments	142.40	65.73
Net fixed assets	135.87	112.74
Net current assets	70.32	63.47
EPS (%)	83.10	79.70
Dividend (%)	25.00	25.00
Market price (Rs)		
Current	72.00	
1987: High	94.00	
Low	61.00	

Of the total turnover, soda ash sales were 13.6 per cent higher at 5.06 lakh tonnes (4.45 lakh tonnes). This item alone contributed 83.8 per cent to the total sales of the company. In spite of the glut, sales realisation per tonne of soda ash was higher by 3.7 per cent at Rs 3,013 (Rs 2,904). This resulted in a 17.9 per cent increase in sales value to Rs 152.50 crores (Rs 129.33 crores). The company was able to achieve increase in terms of quantities, sales realisation per tonne and sales value in respect of almost all its products.

The cost of major items of raw materials such as coke, limestone and salt was higher by 6.7 per cent, 11.3 per cent and 50.6 per cent, respectively. Production of soda ash was higher by 8.8 per cent to 5.83 lakh tonnes (5.36 lakh tonnes), utilising 116 per cent of plant capacity (107 per cent). Production of sodium bicarbonate was higher by 3 per cent at 25,318 tonnes (24,581 tonnes). Distribution of total revenue shows that the cost of raw materials consumed have been lower at 17.4 per cent (20.1 per cent). This lead to an improvement in operating profit. However, interest charges, as a percentage of total revenue, is higher at 11.3 per cent (6.8 per cent) leading to lower gross profit.

Fund flow analysis reveals that while secured loans almost doubled at Rs 183.70 crores, increase in gross block was only 16.6 per cent from Rs 178.51 crores to Rs 208.24 crores. Investments show an increase of 117 per cent to Rs 142.41 crores (Rs 65.73 crores). Increase in working capital was Rs 6.85 and dividend claimed Rs 6.83 crores. Internal accruals totalled Rs 36 crores. Dividend cover was good at 3.32 times.

During the year, further investments in cumulative convertible preference shares of Tata Fertilizers Ltd totalled Rs 30 crores. Investments in 10 per cent (tax-free) bonds of Indian Railway and Indian Telephone Industries Ltd were Rs 30 crores, and Rs 25 crores respectively. It has suffered a loss on account of exchange fluctuation Rs 2.24 crores which will be written off, as and when the instalments are paid. During the year, it issued 13.5 per cent convertible series (ninth series) aggregating Rs 88.60 crores. While the effective rate of interest (after-tax) would be only 6.75 per cent, it will be earning 10 per cent interest (tax-free) on investment in the public sector bonds.

During the year, several projects under its rehabilition and modernisation programmes were completed and commissioned. It has received the government approvals, subject to clearances from pollution control boards for re-endorsement of enhanced capacities for several of its products. Phase I of its growth and investment programme, estimated expenditure of which is Rs 140 crores, is making satisfactory progress. It has already invested Rs 60 crores in the paid-up capital of Tata Fertilizers Limited and will be investing another Rs 64.22 crores in Tata Indian Oil Refineries Ltd (Karnal Refinery Project). With its interest liability likely to go up and investments in these two companies not likely to yield any return for a couple of years, there may be pressure on future profitability.

Orkay

Margins under pressure, switch over from PTA to DMT; depreciation under provided; associate concerns failed to repay huge advances, diversification into anti-cancer drugs

During the year ended 31 March 1987, Orkay Silk Mills Ltd posted sales worth Rs 227.67 crores which was 6.5 per cent lower than the previous years figure (Rs 242.72 crores). Operating profits decreased by 18.2 per cent to Rs 16.56 crores (Rs 20.24 crores). However, interest decreased by 21.9 per cent to Rs 5.27 crores (Rs 6.75 crores) and depreciated dropped by 41.1 per cent to Rs 3.44 crores (Rs 5.84 crores). Thus, pre-tax profit was marginally higher at Rs 7.85 crores (Rs 7.65 crores). There was no tax liability (Rs 71 lakhs). As a result, profit-after-tax was higher by 13.1 per cent at Rs 7.85 crores

However, it has provided depreciation at rates which are determined on a single shift basis, without considering the extra and multiple shift allowances. As a result, depreciation is lower by Rs 3.51 crores and profit is higher by the same amount. Consequent to the exchange fluctuations, the rupee liability of the company in respect of foreign currency loans

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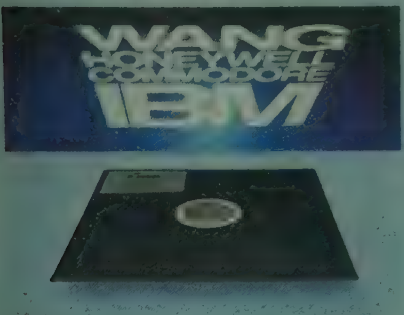

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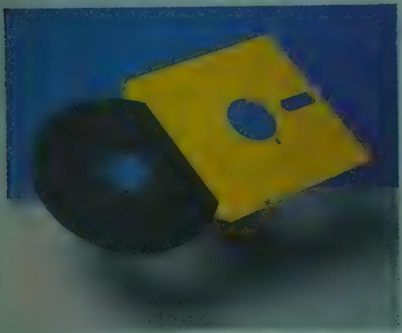

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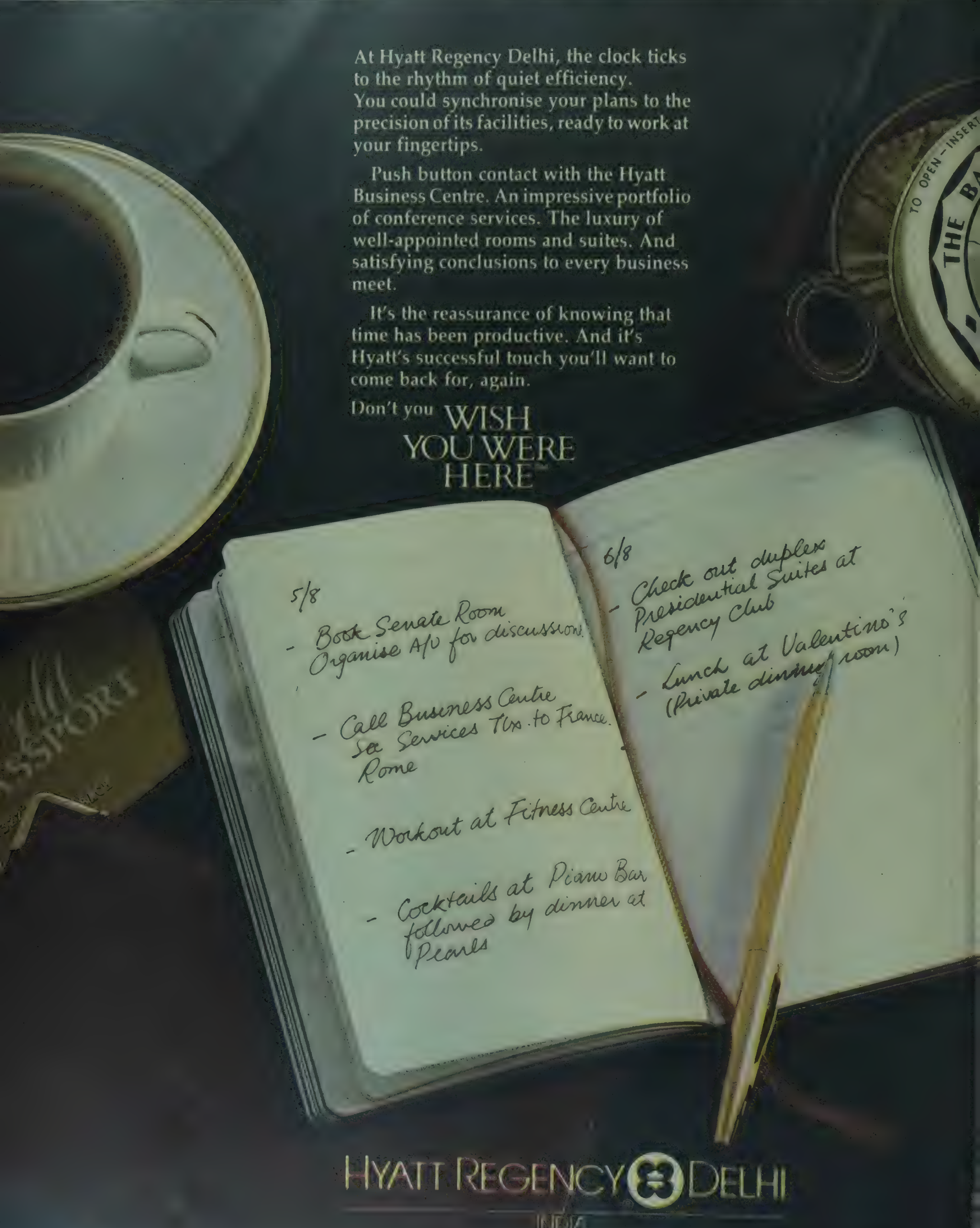

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(Rs crores)

Year ending 31 March	1987	1986
Sales & other income	227.87	242.72
Operating profit	16.56	20.24
Interest	5.27	6.75
Depreciation	3.44•	5.84
Pre tax profit	7.85	7.65
Tax	—	0.71
Net profit	7.85	6.94
Equity capital	24.02	16.15
Reserves	44.93	25.10
Loans	86.40	64.60
Net fixed assets	117.55	68.36
Net current assets	37.68	37.48
EPS (%)	32.7	43.00
Dividend (%)	20.00	25.00
Market price (Rs)		
Current	36.00	
1987: High	115.00	
Low	30.00	

• Depreciation is lower by Rs 3.51 crores due to a change in the method of calculation

has increased by Rs 9.15 crores which has been capitalised.

Of the total sales, sales of polyester yarn was Rs 107.7 crores (Rs 97.1 crores) contributing 47.3 per cent (40 per cent) of the total sales. Total quantity of polyester yarn sold was higher by 18.5 per cent to 174.27 lakhs kgs (162.67 lakh kgs). But sales realisation per kg was lower by 6.4 per cent at Rs 145 per kg (Rs 154.90). Volume sales of synthetic yarn comprised 38.9 per cent (48.4 per cent) and in terms of value Rs 88.6 crores (Rs 117.4 crores), a fall of 24.5 per cent. Quantity of synthetic yarn was also lower by 19.6 per cent at 55.48 lakh kgs (69 lakh kgs) and sales realisation per kg lower by 6.1 per cent at Rs 159.70 per kg (Rs 170.10).

During the year, Orkay switched over from PTA to DMT as its major raw material. Thus the PTA consumed was lower at 16.64 lakhs kgs (80.11 lakh kgs) and DMT higher at 81.79. lakh kgs (4.67 lakh kgs). It is likely that this led to the fall in the consumption of raw materials as a percentage of total revenue from 56 to 41.3 per cent. Production of polyester yarn was higher by 8 per cent at 94.87 lakh kgs (87.86 lakh kgs) utilising 158 per cent of plant capacity (146 per cent). Production of art silk and synthetic fabrics was higher by 6.7 per cent at 71.94 lakh metres (67.32 lakh metres).

During the year, margins were under pressure as shown by a fall in gross margin to 5 per cent (5.6 per cent). The removal of anti-dumping duty in mid-1986 on PFY import caused large scale imports of this item at competitive prices. However, due to single shift depreciation charges and no tax liability, net margin improved to 3.4 per cent (2.9 per cent). Debtors outstanding period jumped to 53 days (29 days) due to a 73 per cent increase in sundry debtors at Rs 33.07 crores (Rs 19.11 crores). Funds flow analysis reveals that Rs 48.32 crores were added to the gross block during the year, which were financed by rights convertible debentures of Rs 31.50 crore, another Rs 9.20 crores and the balance from internal accruals. During the year, debts outstanding for a period exceeding six months increased to Rs 8.24 crores (Rs 4.96 crores).

Orkay has received permission to increase the installed capacity for manufacture of polyester yarn from 6,000 to 15,000 tpa. The company proposes to diversify into pharmaceuticals to manufacture anti-cancer and other related drugs. The contingent liabilities in respect of excise duties amount to Rs 12.52 crores and in respect of disputed customs duty, Rs 1.84 crores. The income tax proceedings related to seizure of cash amount of Rs 23.06 lakhs from the company's premises is still pending.

A closer look at the company's annual accounts indicates that credit facilities were extended to certain "associate" concerns which failed to make payments subsequent to the balance sheet date. As a result, Orkay acquired their net assets worth Rs 23.97 crores. The amount of credit advanced and the possible losses are not mentioned in the report. It is also not mentioned whether any directors of the company had any interests in these concerns.

East India Hotels

Better performance; lower tax provision; improved profits; tough going in current year

In line with the trend in the industry East India Hotels Ltd (EI), which operates the Oberoi chain of hotels has fared well for the year ended 31 March 1987. With total revenue rising by 29 per cent to Rs 65.94 crores (previous year: Rs 51.28 crores), the operating profit has increased by 19 per cent to Rs 20.97 crores (Rs 17.62 crores). Of the total revenue, income from rooms increased by 34 per cent to Rs 35.26 crores (Rs 26.39 crores), and from food and beverages by 27 per cent to Rs 24.40 crores (Rs 19.16 crores). The increase in operating profit was checked due to substantial increase in salaries, wages and related expenses to Rs 13.37 crores (Rs 10.35 crores), and upkeep and service costs (mainly power and fuel, and expenses on apartment and board) to Rs 11.73 crores (Rs 9 crores).

(Rs crores)

Year ended 31 March	1987	1986
Sales and other income	65.94	51.28
Operating profit	20.97	17.62
Interest	8.13	5.71
Depreciation	3.74	2.30
Pre tax profit	9.10	9.61
Tax	0.89	2.55
Net profit	8.21	7.06
Equity capital	17.34	17.34
Reserves	57.68	52.97
Loans	121.37	81.62
Net fixed assets	181.07	143.57
Net current assets	16.46	9.51
EPS (%)	47.35	40.72
Dividend (%)	20.00	20.00
Market price (Rs)		
Current	51.00	
1987: High	58.00	
Low	41.00	

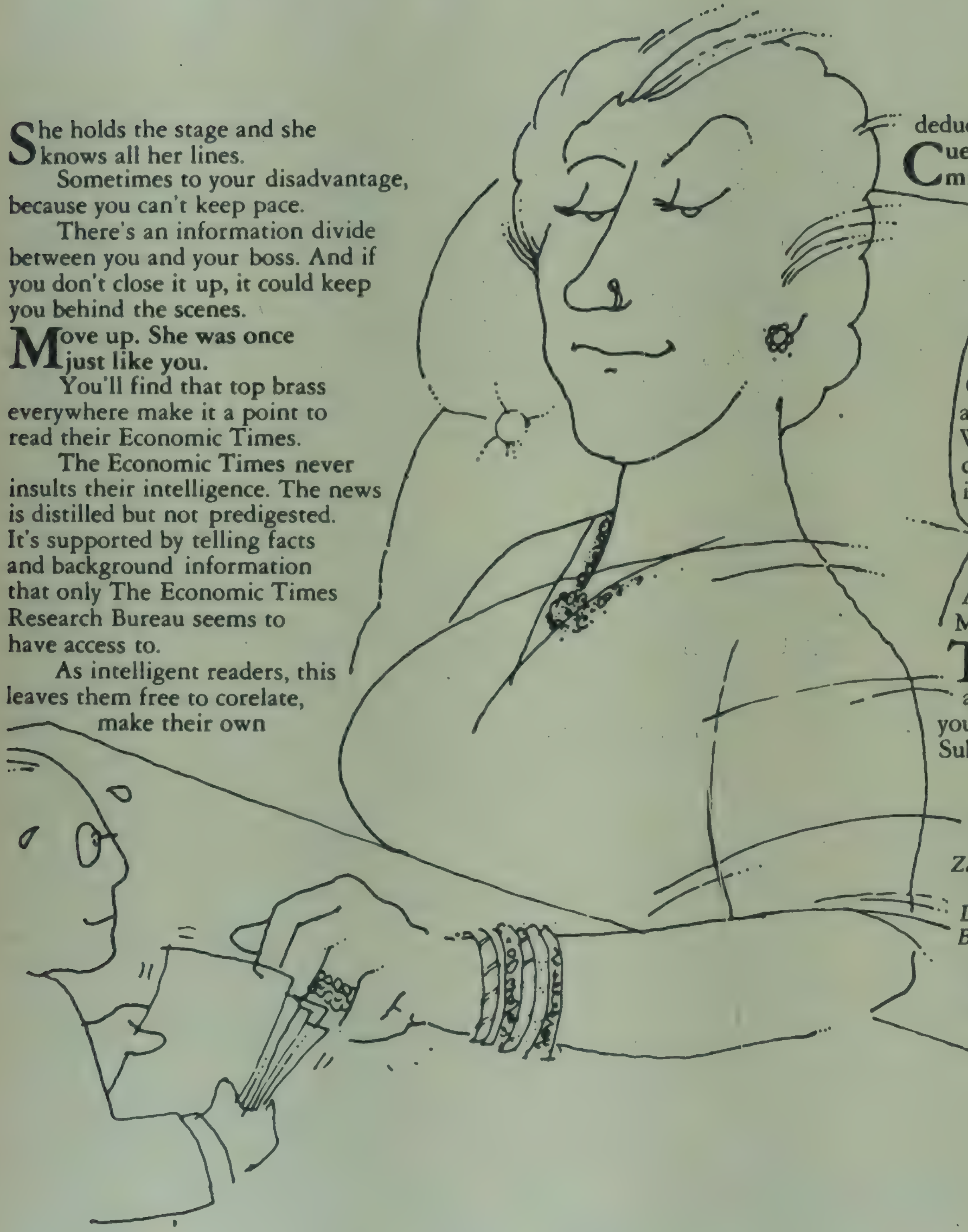
After hefty interest charges of Rs 8.13 crores (Rs 5.71 crores) and depreciation of Rs 3.74 crores (Rs 2.30 crores), the pre-tax profit has marginally decreased to Rs 9.10 crores (Rs 9.61 crores). However, thanks to lower taxes of Rs 89 lakhs (Rs 2.55 crores) the net profit was higher at Rs 8.21 crores, (Rs 7.06 crores). The dividend on equity capital of Rs 17.34 crores has been maintained at 20 per cent. At the current market price of Rs 51 the price to earnings ratio works out to 11 times.

The company's foreign exchange earnings increased by 11 per cent to Rs 40.72 crores (Rs 36.67 crores). Thus, more than 60 per cent of the revenue is in foreign exchange. A substantial portion of this is contributed by EI's associate hotels and hotel management franchises abroad.

Last year, the company opened the new Oberoi at Bombay, a 350 room deluxe hotel designed for the top end of the market. A deluxe hotel — the Krishna Oberoi — where EI has a management contract is scheduled to be opened in October this year at Hyderabad. Another hotel in Bangalore is expected to be opened in late 1989, and more deluxe resort properties are being planned in Agra and Goa. The renovation programme of the company's hotels at Calcutta and Darjeeling is progressing on schedule.

The company has been awarded a 10 year contract by the International Airports Authority of India to operate all the snack bars and restaurants at the domestic and international airport terminals in Bombay. This contract is

PRIMA DONNA



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THE ECONOMIC TIMES

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expected to be very profitable in the future. Meanwhile the company's borrowings has reached a peak of Rs 121 crores (Rs 82 crores). To finance its renovation programmes, the company issued 15 per cent non-convertible debentures amounting to Rs 22 crores during the year. This was followed by an issue of 13.5 per cent convertible debenture in January 1987 on rights basis. The issue was closed on 20 February 1987 and the subscription amount received by the company was Rs 36.76 crores. The company retained Rs 31.34 crores and refunded Rs 5.42 crores in April 1987. The conversion date of the above debentures has been fixed on 10 October 1987 when one debenture will be converted into two fully paid up equity shares of Rs 10 each at a premium of Rs 15 per share.

To bear the burden of increased interest charges in the current year and also to service the increased equity base (after conversion) the company will have to upscale its operations to increase profitability.

Colour-Chem

Better performance; focus on organic chemicals; new products being added; future turning bright

Colour-Chem Ltd's efforts in the previous years to move away from the dependence on the textile industry has paid dividends for the year ended 31 March 1987. With sales increasing by 19 per cent to Rs 80.68 crores (previous year: Rs 67.87 crores), the operating profit improved by 29 per cent to Rs 11.82 crores (Rs 9.19 crores). After lower interest charges of Rs 3.87 crores (Rs 4.32 crores) and depreciation of Rs 3.01 crores (Rs 2.84 crores), the pre-tax profit more than doubled to Rs 4.94 crores. Further, after taxation of Rs 1.57 crores (Rs 58 lakhs), the net profit amounts to Rs 3.37 crores (Rs 1.45 crores). The dividend on the equity capital has been stepped up by 4 points to 18 per cent. The earnings per share has increased from Rs 18 to Rs 42, and, on the current market price of Rs 520, the price to earnings ratio works out to 12 times.

The main products of the company are dyestuffs, synthetic binder materials, auxiliaries, and intermediates for both textile and non-textile sectors. During the year, sales of products to the textile industry declined due to the unsettled conditions in this major consuming industry. Products for the paint, printing ink, plastic and rubber industries registered significant growth. There was a spurt in offtake of leather chemicals on account of: correction of anamolies in the structure of import duty, hardening of major foreign currencies *vis-a-vis* the Indian rupee and good growth in the leather industry in the last two years.

(Rs crores)

Year ended 31 March	1987	1986
Sales and other income	83.18	70.07
Excise duty	13.85	11.52
Operating profit	11.82	9.19
Interest	3.87	4.32
Depreciation	3.01	2.84
Pre tax profit	4.94	2:03
Tax	1.57	0.58
Net profit	3.37	1.45
Equity capital	7.94	7.94
Reserves	10.84	8.88
Loans	19.70	20.45
Net fixed assets	15.83	15.44
Net current assets	21.57	20.75
EPS (%)	42.44	18.26
Dividend (%)	18.00	14.00
Market price (Rs)		
Current	520.00	
1987: High	535.00	
Low	265.00	

Sales of organic chemical intermediates also recorded a modest increase. However, the adverse climatic conditions depressed the use of agro-chemicals during the latter part of the year. This affected the demand for some of the intermediates manufactured by the company. The future activities of the company are focused on the manufacture of organic chemical specialities involving varigated unit processes and for diverse applications.

The export earnings for the year increased by 50 per cent to Rs 8.39 crores (Rs 5.59 crores). The capacity utilisation at the company's two plants in Roha and Thane were better. In the previous year, the company commissioned a plant for manufacture of meta phenoxy benzaldehyde. This import substitution product saw good acceptance. The implementation of the plant for manufacture of BON acid at the Roha factory has been accelerated. Commercial production of BON acid is expected to commence during the last quarter of 1987. Other than the above two products, an additional range of organic chemical specialities continue to engage the active consideration of the management.

Of the total capital, 33 per cent is held by the foreign collaborators, Bayer AG and Hoechst AG. Colour-Chem continues to get technical assistance from both. According to B. M. Ghia, chairman, "Though exports of dyestuff and dye intermediates have achieved gratifying growth, it is unrealistic to conclude that the industry has come out of its problems. I renew my appeal to reduce the rate of excise duty on dyestuff from 35 per cent to about 20 per cent to promote consumption of dyestuff by the ailing indigenous textile industry."

Though turnover in the first four months of the current year has marginally improved over the corresponding period of the previous year, an optimistic forecast has to be tempered by a realistic appraisal of the current economic conditions, the chairman stated. At year end, the inventories has increased to Rs 19.66 crores (Rs 17.05 crores). Yet, the current level of production of the company is much lower than the installed capacity. While the installed capacities of synthetic organic dyestuff, pigment dyestuff and their dispersions is 7,282 tonnes; synthetic resin binder materials and auxiliaries is 9,900 tonnes; and intermediates for dyes, pesticides, pharmaceuticals, etc. is 5,212 tonnes, the actual production of these categories was 3,865 tonnes, 5,129 tonnes and 1,615 tonnes only.

Results announced

Brooke Bond

Brooke Bond India Ltd, a part of the Unilever group, has recommended a final dividend of 17.5 per cent for the year ended 27 June 1987. Taken together with the interim payment, the total dividend works out to 30 per cent. Gross income was higher at Rs 399.47 crores (previous year: Rs 363.24 crores) according to a preliminary statement. The tax liability is Rs 14.90 crores and the distributable surplus for the year is Rs 15.05 crores (Rs 11.10 crores). Transfers to general reserve amount to Rs 4.84 crores (Rs 3.44 crores), proposed dividend absorbs Rs 7.38 crores (Rs 6.16 crores) and Rs 2.33 crores (Rs 1.50 crores) has been earmarked as export profit reserve.

Hindustan Brown Boveri

Hindustan Brown Boveri (HBB), whose parent company, Brown Boveri of Switzerland, recently announced a merger with Asea of Sweden, has reported encouraging results for the year ended 30 April 1987. While turnover moved up to Rs 101.63 crores (previous year: Rs 82.12 crores), the gross profit registered a 24 per cent increase to Rs 3.90 crores (Rs 3.15 crores).

Similarly pre-tax profits at Rs 2.65 crores (Rs 2.05 crores), were higher by 29 per cent. After providing Rs 83.50 lakhs (Rs 63 lakhs) towards taxation and other appropriations, the surplus for the year is Rs 1.66 crores (Rs 1.02 crores). The company has stepped up the dividend to 16 per cent.

According to the company, the order book position in the current year is Rs 95 crores. HBB is implementing several projects for the manufacture of EPABX systems, industrial steam turbines, railway signalling equipment, and medium voltage switchgears.

IDL Chemicals

IDL Chemicals Ltd, in which Nitro Nobel of Sweden has a 40 per cent stake, is paying a dividend of 23 per cent for the year ended 30 June 1987. The company has fared well, with sales increasing to Rs 50.28 crores (previous year: Rs 47.96 crores) and gross profit to Rs 9.93 crores (Rs 8.06 crores). After providing Rs 1.77 crores (Rs 1.47 crores) towards depreciation and Rs 2.42 crores (Rs 1.67 crores) for interest, the pre-tax profit is Rs 5.13 crores (Rs 4.90 crores). The tax liability for the year was Rs 1.60 crores (Rs 1.80 crores) and the net profit works out to Rs 3.53 crores (Rs 3.08 crores).

IDL implemented its bitumen emulsion project at Sahibabad, UP, during the year. The company is finalising a joint venture with a Dutch company for the manufacture of aroma and food flavour chemicals.

Bakelite Hylam

Bakelite Hylam Ltd, a G. P. Goenka company, is paying a lower dividend of 16 per cent (previous year: 18 per cent) for the year ended 30 June 1987. Though sales have increased to Rs 58.71 crores (Rs 48.17 crores) the pre-tax profits are only higher by 6 per cent from Rs 2.10 crores to Rs 2.24 crores. After providing for taxation, the net profit is lower at Rs 1.07 crores (Rs 1.23 crores). The proposed dividend absorbs Rs 71.99 lakhs (Rs 80.99 lakhs).

During the year the company commissioned the plant for the manufacture of glass epoxy copper clad laminates. Bakelite also proposes to venture into the manufacture of thermal insulation foam based on phenolic resin.

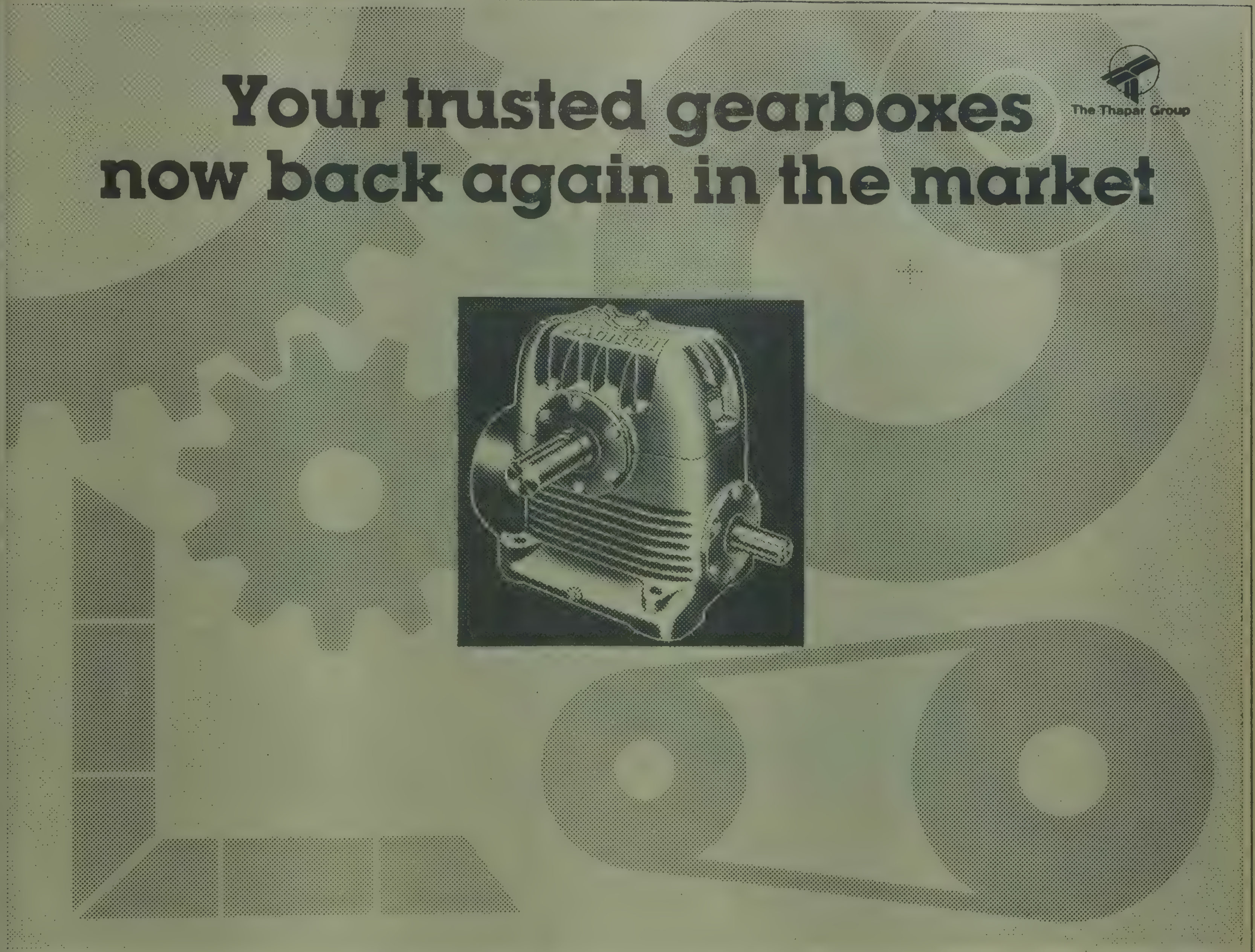
Jayant Vitamins

Jayant Vitamins has announced a bonus issue of 2:5 and is maintaining the dividend at 21 per cent for the year ended 30 June 1987. Though sales increased to Rs 29.12 crores (previous year: 27.94 crores) the company's profitability registered a decline. The gross profit was lower at Rs 3.39 crores (Rs 4.48 crores). After providing Rs 1.16 crores (Rs 75.48 lakhs) for depreciation and Rs 12 lakhs (Rs 43 lakhs) for taxation, there is a net profit of Rs 2.10 crores (Rs 3.30 crores).

During the year, the company's glucose capacity was enhanced to 16,500 tpa (7,200 tpa). The commercial production of the 180 tpa mannitol plant is expected to be commissioned later this year.

In brief

- **Hindustan Lever** has fared well during the six months ended June 1987. Net sales were higher at Rs 366.42 crores (Rs 325.26 crores) and gross profit increased by 8.2 per cent from Rs 37.15 crores to Rs 40.19 crores. After providing Rs 6.92 crores (Rs 6.44 crores) for depreciation and Rs 12.80 crores (Rs 12.27 crores) for taxation there is a net profit of Rs 20.47 crores (Rs 18.44 crores). However, the company states that the 100 per cent escalation in the prices of oils has placed margins under pressure.
- **Reliance Industries** has reported sales of Rs 549.14 crores (Rs 421.99 crores) for the six months ended 30 June 1987. The operating profit was higher at Rs 84.04 crores (Rs 74.86 crores) and after providing Rs 30.96 crores (Rs 28.19 crores) towards depreciation and Rs 32.85 crores (Rs 24.11 crores) for interest, the net profit is lower at Rs 20.23 crores (Rs 22.56 crores).
- **Loyal Textile Mills Ltd** pushed up sales by 18 per cent to Rs 14.73 crores during its nine-month accounting period ended 31 March 1987 (previous year ended 30 June 1986: Rs 16.86 crores). The company, which exported yarn and cloth valued at Rs 5.59 crores during the period, made a gross profit of Rs 2.13 crores and a net profit of Rs 64.55 lakhs. Dividend has been maintained at 18 per cent.
- **Thomas Cook,** with profits before tax going up to Rs 1.33 crores during the year ended 30 April 1987, has shown a growth of 17 per cent over the previous year. With a net profit of Rs 77.65 lakhs (Rs 46.15 lakhs), this second-time award winner (for foreign exchange earnings from the Department of Tourism) has hiked dividend by two points to 16 per cent.
- **Amforge Industries Ltd** has improved turnover by over 15 per cent on an annualised basis, to reach Rs 26.34 crores during its year ended 31 July 1987 (Rs 28.57 crores during the previous 15-month period). While gross profits have jumped by 33.64 per cent, net profits have moved up by just 8.6 per cent, thanks to increased depreciation charges and taxation. Dividend, however, has been hiked by five points to 20 per cent.
- **Special Steels Ltd,** during the half-year ended June 1987 showed a two per cent decline in sales to Rs 55.91 crores over the corresponding period in the year before. Pre-tax profits, however, remained constant at Rs 4.66 crores, while net profits fell by 15 per cent to Rs 3.96 crores. Although production at all the units of the company went up, sales declined due to difficult trading conditions, while increases in power and wage costs pulled down profits, according to the company.
- **Khandelwal Herrmann Electronics Ltd** has nearly doubled sales (on an annualised basis) to Rs 5.34 crores during the 15-month accounting period ended 31 March 1987, from the previous year's (ended 31 December 1985) figure of Rs 2.18 crores.
- **Deepak Fertilisers & Petrochemicals Corporation Ltd,** during the first six months of its current year ended 30 June 1987, has shown increases in production and gross profit over that achieved in the corresponding period in the previous year. Sales, at Rs 18.87 crores (Rs 20.18 crores) were lower, mainly on account of the octroi stir affecting ammonia movements, but gross profits rose by about 24 per cent to Rs 6.34 crores.
- **Khaitan Tibrewala Electricals Ltd** has pushed up sales to Rs 7.26 crores during the six-month period ended 30 June 1987 (Rs 6.83 crores), while the net profit has jumped by over 40 per cent to touch Rs 50.72 lakhs. With encouraging consumer response for the company's new products such as air circulators and washing machines, turnover expectations for the year are in the region of Rs 15 crores.
- **Reckitt & Colman of India Ltd's** unaudited financial results for the first six months of the current year ended 4 July 1987 show higher net sales at Rs 28.9 crores (Rs 25 crores). Gross profit has also jumped to Rs 5.39 crores (Rs 4.52 crores), while pre-tax profit is estimated at Rs 5.04 crores, up by 20 per cent over that of the year before. Net profit is estimated at Rs 2.89 crores for the period.
- **Chemicals & Plastics India Ltd,** during its nine-month accounting period ended March 1987 has reported a turnover of Rs 36.74 crores (previous year: Rs 45.09 crores), while gross profits have marginally improved to Rs 5.87 crores. Pre-tax profits are higher at Rs 2.57 crores (Rs 1.64 crores). Dividend recommended is 15 per cent.
- **Boehringer-Knoll** has skipped payment of dividend for the year ended 30 April 1987. The company reports a loss of Rs 20.65 lakhs against a profit of Rs 1.57 crores in the previous year.
- **Seshasayee Paper & Boards** has reported a improved performance for the year ended 31 March 1987. The company's sales was maintained at Rs 48.82 crores (previous year: Rs 48.87 crores) but the gross profit was higher at Rs 1.74 crores (Rs 1.54 crores). The deficit for the year is Rs 1.18 crores.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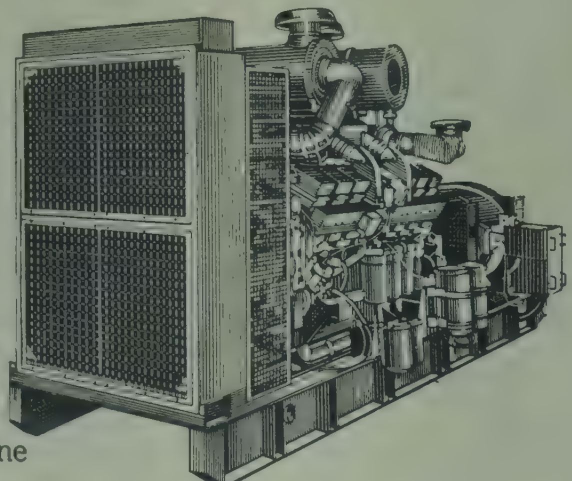

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Market News

Stockmarket Review

Back to basics

(Period under review: 17 August to 28 August, 1987)

During the fortnight under review, the selective upswing in the markets gained further momentum under the influence of continued institutional purchases, together with the revival of moderate support from the public. However, the upswing in prices was most notable in the cash group of securities, due to the reported revival of speculative activity as forward trading continued to be banned in the specified (A) group.

As a consequence, the divergence in the trend of the Bombay Stock Exchange (BSE) index (which is heavily weighted in favour of 'A' group shares) and *The Economic Times* (ET) index continued. While the former declined marginally from the previous fortnight's closing level of 499 to 496.89, the latter moved up from 270.6 to 276 — a rise of 2 per cent. Thus over a period of one month (from 29 July to 28 August 1987), while there has been no significant change in the BSE index, the ET index has risen sharply from 254.6 to 276.0 recording a gain of 8.4 per cent. It is interesting to note that while the ET index has already crossed its 1987 peak level of 264.4 touched in the pre-budget session, the BSE index is 81.49 points below its peak which works out to a substantial fall of over 14 per cent.

The reasons. The reasons for this divergence are not far to seek. The BSE index comprises mainly the so called 'market leaders' while the ET index is much more broad based. It is by now well known that many of the leading companies suffered a setback in profitability during 1986-87, and cannot support a further increase in prices. It is interesting to note that the average P/E (price to earnings) ratio of the 70 companies listed in the A group on the BSE works out to about 18 times as against an average of about 11 for the market as a whole.

Even in the cash list, the market has begun to attach more importance to the fundamentals, particularly to P/E ratios. Most of the companies whose shares have appreciated over the past month or so are those which have announced improved results, and whose P/E ratios went out of line with market expectations.

Speculation curbed. The compulsory announcement of half-yearly results has also begun to have a noticeable impact on market behaviour. These have lead to a considerable reduction in the speculation regarding company performance. This has already started curbing the tendency of prices moving radically away from profitability trends.

Another feature of the latest upswing has been the swiftness with which investors have started to react to company performance. To quote only two examples from the fortnight under review, the half-yearly performance of Milkfood Ltd appeared in the national press on 24 August showing a marked improvement in profitability, and a similar improvement was announced by Cosmo Films in the earlier week. In both cases, prices shot up by over 30 per cent on the very day on which the results were published. This only goes to prove the contention that investor awareness and alertness is fast improving and we are slowly but surely heading towards the day when the discounting will be as fast as in the US or Japan, where prices are said to adjust to corporate announcements in a matter of a few minutes. To reach that stage, a substantial improvement in communication methods will be necessary, and to this end the recently started PTI-Stockscan service is definitely a good beginning. (See *Business India*, 24 August 1987).

All this shows that the markets are gradually becoming professional in their behaviour. The Unit Trust of India's recently launched Mastershare and India Fund have also contributed to this development. According to market reports, the UTI now appears to be focussing more on the shares of the fundamentally strong companies and shifting its attention away from the traditional shares in the A group which do not merit support on fundamental grounds.

Hopes and fears. The launch of a number of mutual funds led by the State Bank of India — in the months to come — is bound to further accentuate this trend. One can therefore safely predict that the markets are likely to get more rationalised and prices will increasingly be dominated by fundamentals. However, this does not imply that prices could be estimated by the P/E factor alone, because in the ultimate analysis these are decided by the hopes, aspirations and fears of the vast multitude of investors. Only, it will be increasingly ensured that these hopes and fears do not get very much out of line with the fundamentals.

The markets in the coming weeks should continue to behave in the manner they did last month. The monsoon has revived in certain states, although the overall picture remains discouraging. However, recent government pronouncements indicate that the interests of industry will not be allowed to suffer, and various reliefs and concessions have been announced. In this context, the fallouts of the new Drug Price Control Order announced on 29 August should be considerable, both ways. It would be interesting to watch how quickly the markets react to the various pros and cons of the new policy.

VIBHAV KAPOOR

Investment trends

The 'B' group opportunity

Over the past two months, 'B' group (cash) shares, which were hitherto shunned and written off as unsaleable, have increasingly figured in the grab list of a growing number of investors, who are rediscovering the lost charm of a bull market.

Companies which were unknown or unheard of, companies whose plants were yet to stabilise viable production runs, and which were only just listed (mainly the new issues) became hot scrips — for example, Vindhya Telelinks, Gujarat Propack, Spartek Ceramics, Wildon India, among others. It was a case of *deja vu* as investors moved into the 'B' group in great strength, starting the first week of July and the stockmarket started getting unstuck from the trough. The Cassandras were proved wrong again. The 'B' group shares afforded an

'B' group price movement

Industry	Price trends Low (During 1st half of July)	 High (During last week of August)
Tyres		
Apollo Tyres	23	36
Ceat Tyres	50	72
Vikrant Tyres	18	31
MRF	75	125
Cables		
Asian Cables*	400	700
Finolex Cables	220	380
Vindhya	57	100
Upcon	23	47
Packaging		
Futura	11	25
Gujarat Propack	9	33.50
Cosmo Films	75	135.50
General		
EMA India	16	56
National Peroxide*	770	1500
Spartek Ceramics	70	116
Bombay Dyeing	72	144
Tata Tea	96	132.50
Colgate	175	255
HMM	220	330

* = Rs 100 paid-up

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opportunity which several investors availed themselves of.

End of a phase. The upward mobility in cash shares in the month between 27 July and 27 August — during which *The Economic Times* Index gained roughly 20 points to settle at 276.3 a new high for the year. But come September and the markets were floored — on 1 September, the *ET* index fell to 266.9. An overdue selling reaction which always follows an upward movement in share prices as investors book profits brought equity prices tumbling down. Several stockbrokers believe that profit taking was responsible for the dip in prices.

As it happened, soon after Narayan Dutt Tiwari assumed office as union finance minister on 25 July cash shares became big game for investors and speculators for different reasons. The ban on forward trading imposed in June, which made the 70 'A' group shares upwardly mobile, propelled 'professional' speculators to the other pasture — 'B' group shares. Here, business is meant to be transacted on a cash basis and physical delivery of share certificates has to be made at the end of every fortnightly settlement period. But the speculators were not daunted.

Bringing in droves of investors is what really makes a market rally forward. With severe trading restrictions on 'A' group scrips, which were strictly enforced, investors and speculators were forced out of the 'A' group and into the hitherto dormant cash scrips.

According to a Bombay-based investment analyst, "From April/May onwards, the financial institutions (Unit Trust, Life Insurance Corporation and the General Insurance Corporation) started placing orders for 'B' group shares in huge numbers. The effect of the purchase was the upsurge in 'B' group prices." Earlier, as was the proven practice, the institutions stepped into the market and mopped up erstwhile market leaders — Reliance Industries, Century Spinning, Tata Iron and Steel, Tata Engineering, Associated Cement, and some others. The depth of the market was such that forays into the above scrips were sufficient to shore up the stockmarket and attract investors.

Lost glamour. This has changed over the past year. 'A' group scrips in general have lost their glamour. Their financial performance has belied hopes and therefore turned away investors. Institutions have also realised that it is no mean task to give the market a push up by acquiring select 'A' group shares. With expanded equity bases from bonus, rights and convertible issues, the investment institutions have found that it reqires much larger resources to perform yesterday's magic in the market.

Moreover, the disappointing performance of several 'A' group leaders — Reliance, Telco, ACC — has not made matters any easier.

The shift to the 'B' group was therefore logical in the investment strategy of the institutions. It became a matter of time before other investors joined them. The individual investor started responding to fundamentals very quickly by then. With the two major players in the market — institutional investors and individual investors — having set their sights on'B' group shares, the shift was complete.

The quick rise in share prices over the past four weeks has hardly surprised seasoned market analysts as the reasons are fairly clear. Most of the scrips in the 'B' group have a low equity base which restricts the floating stock. "While it is true that the market takes time to absorb liquidity, there soon comes a time when there are no sellers and a small buy order results in prices shooting up," says the analyst quoted earlier. The price movements in the cases of Gujarat Propack, Vindhya Telelinks, Siltap Plastics and Dr Reddy's Laboratories illustrate this development well.

"But the real reason," confirms a stockbroker, "behind the firming up of 'B' group prices was investor expectation, raised by the performance of the 'achievers' in select industries." According to him, as the prices, of the fancied scrips shot up (namely, Cosmo Films, in the packaging industry, Finolex Cables in the cables industry, Spartek Ceramics in the ceramic tiles industry), investors flocked to other scrips in the same industries. "Therefore you find that the share prices of Vindhya, Upcom Cables and Karnataka Telelinks (jelly-filled cable companies) rose in tandem, but kept a respectable distance from the leader, Finolex. Siltap, Gujarat Propack, Futura Packaging also moved up. So did the shares of tyre companies." The ripple effect was felt in full force.

It is clear that support to 'B' group scrips came more because of industry performance rather than wild speculation

The 'B' group rally, which at the time of writing, is in the grip of reactionary selling, is perceived to be a healthy development in the stockmarket. It is a measure of increasing investor awareness and education, as it is clear that support to 'B' group scrips came more because of industry performance rather than wild speculation.

BASUDEV DASS

SBI Caps fund

Poised for launching

The mutual fund of SBI Capital Markets (SBI Caps), which got the go ahead from the banking department two months ago, is expected to be launched on 25 October. The fund will enjoy full tax exemption, as is the case with the Unit Trust of India. This exemption is expected to be formalised in the finance bill of 1988, with retrospective effect.

Market surveys commissioned by SBI Caps show that the potential investors of the fund are averse to shares. So SBI Caps will also issue "units". These will have a face value of Rs 10 each with a marketable lot comprising 100 units.

Income-oriented fund. The fund will be closed ended. The subscription list will be open for a month and SBI Caps is confident of raising the fixed capital amount of Rs 100 crores. According to S. M. Parande, executive director of SBI Caps, the fund will also be "strongly income oriented". A study of mutual fund models in a number of countries revealed that for such a fund, around 70 per cent of its capital should be in fixed income yielding securities. The dividend return to the unit holder is expected to be between 12 and 12.5 per cent per annum.

"The selling point for the unit will be that it is a SBI product with a higher return than bank deposits or public sector bonds," says Parande. Although the exact return will not be disclosed in the pre-launch advertising campaign, SBI Caps hopes to get across the message that the dividend, together with the appreciation in net asset value, will mean very attractive returns.

For the present, 1,000 branches of the State Bank of India have been designated to sell and buy back the mutual fund's units in order to provide liquidity. But the sales and purchases will be matched to ensure that the outstanding remains fixed at Rs 100 crores. A two way price — selling and buying will be announced every month. "A more frequent valuation of the portfolio will be difficult in the initial stages," says Parande, "so it is ruled out for the time being." Branch managers, so far used to collecting deposits, are now being asked to sell the units.

What SBI Caps realises, however, is that branch managers selling the SBI units will be handicapped *vis-a-vis* the UTI agents to the extent that they cannot pass on a percentage of the commission to the purchasers of units as a discount. Little wonder that Parande is already thinking of appointing agents.

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The last date for receipt of completed nomination forms is 30th September, 1987.

Diary of a Merchant Banker

25 August 1987
By still waters

The waters of the Arabian Sea were calm not because the monsoons had passed us by but, rather, because the sandbank — maybe a 100 yards out in the sea — gave this stretch of water the unnatural stillness of a lagoon.

SK and I were sitting on the rocks tossing pebbles into the sea. I must confess that I am seeing a lot more of SK these days. There is something about him — a sort of missionary zeal caught in the realities of the money world — that seemed, shall I say, intriguing.

"If you ask me," said SK, tossing a pebble from his right hand to his left palm and deflecting it into the sea, "this is a time for rejoice and for caution."

"Yes," I said. "I was very pleased to hear that you managed to get a firm allotment of Garden Silk that makes UTI's allotment look like a, pardon the expression, drop in the ocean."

"Oh, I am not referring to that at all. Money — I have always maintained — is not everything in life. As long as one can support the annual winter binges to ski resorts, the seasonal shopping sprees for the wife and kids and the habitual evening drink, why worry too much about money?"

"I couldn't have put it better."

"The celebration that I was talking about is in recognition of the fact that the markets have decided that governments cannot dictate a direction to follow. True, as many analysts have pointed out, the short sale ban and squaring-up-in-90-days provision has limited the forcefulness of the bears. But, it has forced brokers to start looking for good buys and identifying companies that were otherwise neglected."

"You mean investment research has finally come to India," I queried.

"Absolutely. I have not yet done any research on this as yet. However, I am sure that trading figures for the last three months will indicate that not only has trading on a delivery basis grown substantially, but that trading is taking place in three times the number of companies than in the same period for 1986."

That seemed to make sense. I could rattle of at least 10 scrips which seem to be strongly correlated to the Dow Jones and Nikkei averages in their upward march. Yet, a few months ago, I did not even know that these companies existed.

"Even my colleagues on the board have realised that the market is moving upwards without the specified shares and have decided to revise the BSE index to make it more representative of market movements. "The stockmarkets," declared SK, "are finally showing a degree of liquidity that calls for celebration."

"But," I queried SK, tossing a pebble towards a lurking crab, "Why the apprehension and need for caution?"

"When I was a little child, my nanny recited this poem to me about a little boy who is not scared of snakes, toads, bugs, worms, mice, and who, in fact, feels that whatever girls are scared of are actually very nice. Well, as he is being tucked into his cosy bed his mother bids him happy dreams and takes away the light, and leaves him lying all alone and seeing things at night! As this echo from Eugene Field's poem shows, our community is full of such brave little boys."

"Are you trying to tell me that brokers will be scared to be in a competitive environment and actually do some research on companies?"

"Yes and no. Yes because the unknown scares everybody. You know how tough times were just six months ago, when we didn't know if we could take home our daily bread. Sure, even I am scared of uncertainty."

It is a matter of concern that the country is not following any clear economic plan. Our first priority should be the creation of wealth

"SK, let's not dig up those bad days again — it is frightening. My wife actually came close to leaving me because Sotheby's deleted our name from their exclusive mailing list. My business income, they opined, was more rickety than their 'Item Number seventeen: 3rd century B.C. Desktop Table.' "

"Well, funnily enough, the Eugene Field poem fits in well with this mother-son syndrome we have in India. Sometimes when I read that poem I can't help feeling that Field was about to throw in a stanza or two on how the mother walks away, but then wishes she hadn't. You know, like she doesn't want to lose control of the situation. There she is telling her little son to say a prayer to God, and thank Him for the apple pie he had for dinner and the hot porridge he will get tomorrow morning basically trying to reassure him that he is well looked after and not alone. But then, on leaving him she probably regrets that she's taught him to be a man."

"That," I told SK, "sounds very deep."

"The people in control," said SK, ignoring my remark, "must set the broad parameters of the way a market should function. Ban insider trading, have companies report their profits more coherently, maybe place a 3 per cent ban on share price movements in any given day, etc. But they should let the market move freely, up or down. Today, they see speculators where there aren't any. They see bull syndicates that do not exist. They see bear hammerings on Dalal Street when there are few buyers. As Field wrote,

Sometimes they're in the corner,
Sometimes they're by the door
Sometimes they're all a-standin'
In the middle of the floor;
Sometimes they are a-sittin' down,
Sometimes they're walkin' round
So softly an' so creepy like
They never make a sound!
Sometimes they are as black as ink,
An' other times they're white —
But the colour ain't no difference
When you see things at night!

The problem with these guys is that if you show them it's a clear blue-sky day, they'll start looking for enemy planes and UFOs. It's silly isn't it?"

"I quite agree. Anyways, the water looks blue and tempting and I'm heading in for a swim to think about your Eugene Field theory. Coming?"

"And get swallowed by a shark? Forget it."

31 August 1987
Nariman Point, Bombay

Free press be damned. It has just come to my notice how idiotic and irresponsible the press can be sometimes. Apparently, certain editorials in a newspaper that is known for taking the right kind of causes and crusades have been hitting out at the recent attempts of The Mahanagar Telephone Nigam to introduce the country to credit card phone facilities and car phones. While I do sympathise with the drought-stricken, the suggestion that the money should not be wasted in such luxury items and, instead be used to assist the affected, did not go down too well with me.

As pointed out by one of my colleagues in the market, since nearly all the 800 million in this country can talk and probably only 100 million can read to save their lives, newspapers are probably more of a luxury than telephones are. That being the case, these righteous sounding editors should probably stop publishing their newspapers and instead use their money to help the affected populace.

Somehow, this whole argument of the rich versus the poor is getting completely warped. And it is a matter of great concern that as a consequence, the country is not following any clear economic programme. Our first priority should be the creation of wealth only then will we have enough to distribute. Anyone who thinks otherwise, has forgotten the lessons of the last four decades.

Stockmarkets

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 27.8.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
		(Rs in crores)				High	Low					Yr	Ratio
ALUMINIUM		**48.59**	**82.43**		**282.39***			**15.81**	**28.15**		**2.32**		
Alum Ind (10)	03 86	2.70	0.20	10.74	4.00	5.75	4.00	–87.04	0.00	0.00	0.00	66	1 : 7
Hindalco (10)	12 86	13.39	41.83	41.24	113.00	143.00	94.00	28.83	39.20	15.00	1.33	86	1 2
Indal (10)	12 86	32.50	40.40	22.43	40.00	54.00	29.00	18.98	21.07	14.00	3.50	77	2 5
AUTO-ANCILLARIES		**66.81**	**65.94**		**303.92***			**29.52**	**15.41**		**2.24**		
Auto Corp (10)	03 86	2.35	1.72	17.32	29.00	36.00	19.00	38.30	7.57	15.00	5.17		
Bharat Gears(10)	07 85	2.03	6.44	41.72	20.50	28.00	14.00	26.11	7.85	18.00	8.78		
Gabriel (10)	05 86	2.64	3.26	22.35	16.00	21.50	12.00	41.29	3.88	10.00	6.25	78	3 : 2
Goetze (10)	06 86	6.93	8.55	22.34	30.00	52.00	30.00	46.03	6.52	20.00	6.67		
Hind Ferodo (10)	12 86	5.50	0.58	11.05	24.00	27.00	17.50	0.36	660.00	0.00	0.00	83	4 · 5
Kalyani Brks (10)	06 85	3.88	0.00	10.00	15.00	23.00	8.00	0.00	0.00	0.00	0.00		
Mico (100)	12 86	38.04	35.99	194.61	572.50	572.50	167.50	32.60	17.56	10.00	1.75	86	1 : 1
Sund Fast (10)	03 86	3.19	8.67	37.18	75.00	75.00	41.00	35.42	21.17	20.00	2.67	81	2 : 3
ZF Steering (10)	06 86	2.25	0.73	13.24	32.00	43.00	16.00	20.44	15.65	0.00	0.00		
AUTO-CAR/JEEP/TRAC		**52.43**	**181.18**		**193.49***			**51.54**	**7.16**		**5.00**		
Hind Motors (10)	03 86	13.18	67.62	61.32	23.00	35.00	20.00	45.30	5.08	10.00	4.35	86	1 · 1
Mah & Mah (10)	10 86	19.26	63.27	42.85	55.50	61.00	38.00	42.26	13.13	20.00	3.60	84	2 3
Prem Auto (100)	06 86	16.14	37.52	33.25	31.50	33.00	17.00	71.00	4.44	25.00	7.94	86	1 : 1
Punjab Trac (10)	11 86	1.54	8.79	67.08	17.00	17.00	10.50	27.92	6.09	15.00	8.82	81	2 : 5
Stan Motors (10)	12 86	2.31	3.98	27.23	12.25	15.75	11.70	44.16	2.77	10.00	8.16		
AUTO-LIGHT TRUCK		**58.62**	**51.14**		**95.31***			**14.50**	**11.21**		**0.86**		
Allwyn Nis (10)	06 86	16.54	0.00	10.00	8.50	10.50	3.00	0.00	0.00	0.00	0.00		
Bajaj Tempo (10)	09 86	6.58	40.99	72.29	75.00	100.00	62.50	129.18	5.81	12.50	1.67	85	1 1
DCM Toyo (10)	06 86	15.00	0.15	10.10	10.00	12.50	6.00	0.00	0.00	0.00	0.00		
Eicher Mot (10)	00 00	10.00	10.00	20.00	8.50	10.00	5.00	0.00	0.00	0.00	0.00		
Swaraj Maz (10)	00 00	10.50	0.00	10.00	8.00	11.00	0.00	0.00	0.00	0.00	0.00		0 0
AUTO-HVY TRUCK		**74.57**	**227.04**		**315.24***			**11.94**	**35.42**		**2.77**		
Ash Leyland (10)	12 86	21.39	68.18	41.87	35.50	27.00	27.91	27.91	12.72	16.00	4.51	78	1 2
Telco (100)	03 87	53.18	158.86	398.72	450.00	665.00	350.00	5.51	81.68	10.00	2.22	82	2 5
AUTO 2/3 WHEEL		**59.67**	**180.61**		**708.54***			**93.87**	**11.70**		**1.05**		
A.P. Scooters (10)	07 86	9.12	0.24	10.26	4.00	4.00	0.00	40.02	1.00	0.00	0.00		
Bajaj Auto (100)	06 86	9.41	127.50	1454.94	5750.00	5850.00	3950.00	414.13	13.88	50.00	0.87	84	1 1
Enfield (10)	06 86	3.12	8.41	36.96	11.75	19.50	8.50	61.54	1.91	15.00	12.77	84	1 1
Hero Honda (10)	06 86	12.00	1.15	10.96	21.00	31.00	16.00	9.58	21.91	0.00	0.00		
Kinetic Eng (10)	06 86	1.20	12.78	116.50	240.00	310.00	175.00	317.50	7.56	30.00	1.25	83	1 1
Kinet Honda (10)	01 87	10.00	2.35	12.35	26.00	40.00	15.00	45.60	00.00	0.00	0.00		
Maha Scoot (10)	06 86	2.86	7.04	34.61	225.00	240.00	125.00	269.93	8.34	35.00	1.56	83	3 7
Sund Clay (10)	05 86	5.69	19.58	44.41	64.00	71.50	54.00	100.88	6.34	25.00	3.91	83	1 1
TVS Suzuki (10)	08 86	7.70	-0.52	10.68	15.00	26.00	11.50	19.09	7.86	0.00	0.00		
BEARINGS		**26.08**	**38.58**		**171.48***			**42.18**	**15.59**		**1.90**		
Anti-Friction (10)	03 86	3.00	3.95	23.17	14.00	16.00	9.00	7.67	18.26	8.00	5.71	83	1 2
Assoc Bear (100)	12 86	12.34	26.05	311.10	1200.00	1315.00	500.00	74.80	16.04	20.00	1.67	86	2 5
Bimetal (10)	06 85	1.91	6.07	41.78	75.00	90.00	42.00	71.73	10.46	21.00	2.80	81	1 2
Fag Prec (100)	12 86	2.00	3.42	271.00	107.50	225.00	107.50	8.50	12.65	7.50	6.98		
Karna Ball (10)	06 85	6.83	–0.91	8.67	4.00	7.00	3.50	0.00	0.00	0.00	0.00		
CEMENT		**93.84**	**211.21**		**223.13***			**41.50**	**5.30**		**4.47**		
ACC (100)	7 86	12.32	7.18	158.28	184.00	373.00	138.00	63.76	2.89	2.50	1.36	85	1 : 5
Andhra Cem (10)	03'86	9.51	10.80	21.36	13.00	23.00	11.00	23.55	5.52	15.00	11.54	67	1 : 2
Bagalkot (10)	09 86	1.00	4.00	50.00	23.00	32.00	21.00	48.00	4.79	15.00	6.52		
Birla Jute (10)	03 86	20.38	70.02	44.36	47.00	58.00	46.00	72.08	6.52	16.00	3.40	86	1 : 1
Guj. Ambuja (10)	06 86	17.91	0.00	10.00	14.00	15.00	8.50	0.00	0.00	0.00	0.00		
India Cem (10)	03 87	4.90	19.42	49.63	15.00	25.50	12.50	34.90	4.30	12.00	8.00	70	2 · 5
Mad Cem (100)	12 86	3.02	23.27	870.53	725.00	825.00	505.00	142.05	5.10	25.00	3.45		
Mang Cem (10)	12 86	7.11	10.38	24.60	14.00	22.50	13.00	29.82	4.70	15.00	10.71		
Mysore Cem (10)	06 86	4.99	15.98	42.02	31.00	35.00	23.00	34.07	9.10	17.50	5.65	85	2 5
Narm Cem (10)	12 85	14.00	0.15	10.11	4.00	7.25	4.00	-22.64	0.00	0.00	0.00		
Orissa Cem (10)	12 86	2.70	29.90	120.74	37.50	20.00	8.25	291.48	1.29	30.00	8.00	85	1 . 5
Raasi Cem (10)	06'86	5.34	23.88	54.72	22.00	28.00	10.00	95.69	2.30	18.00	8.18		
CHEMICALS		**236.68**	**395.95**		**1277.43***			**45.12**	**11.72**		**3.50**		
BASF (10)	12 86	2.84	9.52	43.52	115.00	125.00	65.00	46.48	24.74	18.00	1.57	79	1 1
Bayer (100)	12 86	8.11	17.45	315.17	400.00	785.00	390.00	65.97	6.06	25.00	6.25		
Cam & All (100)	12 86	2.60	4.58	276.15	175.00	210.00	150.00	25.38	6.89	18.00	10.29	82	1 3
Chloride (10)	08 86	12.90	16.21	22.57	85.00	98.00	66.00	69.53	12.22	39.00	4.59	86	3 5
Citurgia (10)	03 87	5.25	7.05	23.43	70.00	74.00	53.00	46.29	15.12	22.00	3.14		
Deepak Nit (10)	10'86	2.43	3.40	23.99	45.00	45.00	20.50	25.10	17.93	14.00	3.11	86	1 : 2
Gujarat Alk (10)	03'87	8.93	24.78	37.75	54.00	59.00	8.52	33.93	15.91	26.00	4.81	85	1 5
Gujrat Petro (10)	05 86	2.94	0.31	11.05	32.00	36.00	17.50	22.45	14.25	11.00	3.44		
Herdillia (10)	06 86	7.35	13.65	28.57	52.50	52.50	29.50	47.76	10.99	18.00	3.43		
Hico Prod (10)	12 86	2.49	4.74	29.04	26.00	30.00	10.00	2.41	107.90	10.00	3.85		
IEL (10)	09 86	40.87	72.54	27.75	49.00	63.00	45.00	47.49	10.32	22.50	4.59		
Ind Oxygen (10)	09 85	14.60	12.90	18.84	39.00	62.50	39.00	27.81	14.02	16.00	4.10	85	1 3
Indrol (10)	06 86	2.54	10.06	49.61	262.50	340.00	160.00	90.55	28.99	25.00	0.95		
ION Exch (10)	04 85	0.96	2.39	34.90	122.50	146.00	58.00	60.42	20.28	20.00	1.63		
Modi Alkalies (10)	04 85	10.64	–0.61	9.43	7.00	10.00	5.00	0.00	0.00	0.00	0.00		
Nat Perox (100)	03 87	2.28	8.44	470.18	1450.00	1450.00	710.00	133.77	10.84	30.00	2.07		
Nocil (100)	12 86	36.00	45.43	226.19	460.00	460.00	410.00	46.47	9.90	18.00	3.91	86	1 · 2
PIL (100)	12 86	12.87	24.43	289.82	940.00	940.00	590.00	54.93	17.11	23.00	2.45	82	1 3
Punjab Alk (10)	06 85	9.99	2.77	12.77	6.50	7.50	4.00	15.12	0.00	0.00	0.00		
Syn & Chem (100)	03 87	5.81	4.37	175.22	305.00	335.00	75.00	20.83	14.65	15.00	4.92		
Tata Chem (10)	03 87	27.19	102.12	47.56	73.00	94.00	61.00	83.12	8.78	25.00	3.42	85	2 5
Tuti Alkalies (10)	12 86	12.93	0.00	10.00	17.00	18.00	8.00	–5.41	0.00	0.00	0.00		
Vam Org (10)	04 86	4.16	9.42	32.64	97.00	108.00	64.00	129.33	7.50	20.00	2.06		
CIGARETTES		**42.63**	**56.34**		**179.57***			**38.99**	**10.80**		**6.13**		
Godfrey Phil (10)	12'86	2.60	3.24	22.46	15.00	15.00	0.00	26.54	5.65	15.00	10.00	75	1 : 1
GTC (10)	12 86	2.60	3.74	24.38	14.50	19.00	13.00	26.54	5.46	15.00	10.34	72	1 . 4
ITC (10)	06'86	33.17	38.42	21.58	49.00	77.00	39.00	38.41	12.76	27.50	5.61	81	1 : 5
VST Ind (10)	09 86	4.26	10.94	35.68	22.00	30.00	19.00	58.69	3.75	26.00	11.82	77	3 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq	Res	Book value (Rs.)	Market Price (Rs.) on 27.8.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bo	
		(Rs in crores)				High	Low					Yr	Ra
COMPUTERS		**6.97**	**9.22**		**52.94***			**47.92**	**15.85**		**3.55**		
ICIM (10)	12'86	2.50	4.37	27.48	22.00	28.00	15.00	38.00	5.79	16.00	7.27		
P S I Data (10)	06 86	1.34	0.57	14.25	27.00	32.00	22.00	18.66	14.47	17.00	6.30		0
Tata Unisys (10)	12 86	3.13	4.28	23.67	140.00	225.00	127.50	68.37	20.48	40.00	2.86		
CONSTRUCTION		**18.73**	**60.10**		**140.56***			**39.51**	**15.03**		**2.58**		
Cemindia (10)	09'86	1.28	3.84	40.00	107.50	135.00	63.75	85.16	12.62	24.00	2.23	84	3
Gammon (10)	07 86	2.16	12.81	69.31	94.00	97.50	27.00	93.06	10.10	25.00	2.66	82	2
Hind Dorr-Ol (10)	11'86	2.38	7.85	42.98	245.00	407.50	156.25	164.71	14.87	35.00	1.43	86	1
Hind Const (10)	07'86	6.30	20.57	42.65	8.50	13.00	8.00	-30.95	0.00	15.00	17.65	83	1
Sae (10)	12 86	1.80	6.82	47.89	152.50	167.50	75.00	21.67	70.38	12.50	0.82	83	1
W.I.F. (10)	09 86	4.81	8.21	27.07	32.00	35.50	16.00	40.33	7.93	16.00	5.00	83	3
COSME & TOILET		**123.38**	**120.53**		**1396.26***			**46.68**	**24.24**		**3.05**		
Colgate (10)	12'86	15.72	6.37	14.05	245.00	250.00	163.75	63.23	38.75	52.00	2.12	85	1
Hind Lever (10)	12'86	93.32	71.90	17.70	86.00	106.00	82.00	41.87	20.54	34.00	3.95	83	3
Lakme (10)	06'86	1.83	5.18	38.31	125.00	141.25	92.50	80.87	15.46	25.00	2.00	85	2
Oswal Agro (10)	06'85	2.87	6.77	33.59	120.00	147.50	72.50	91.99	13.05	32.00	2.67		
Ponds (10)	06 86	3.31	11.98	46.19	385.00	405.00	222.50	96.07	40.07	27.50	0.71	84	1
Tomco (25)	03'87	6.33	18.33	97.39	94.00	104.00	72.00	20.22	18.59	6.00	1.60	81	2
COTT & WOL TEXT		**92.58**	**264.06**		**556.22***			**51.71**	**9.94**		**4.10**		
Ahm Calico (125)	06 86	13.56	22.74	334.62	57.00	97.00	53.00	-59.59	00.00	0.00	0.00	77	1
Bom Dyeing (25)	03'87	11.74	40.02	110.22	130.00	143.00	40.50	79.64	6.53	22.00	4.23	79	1
Khatau Spg (100)	12'86	3.37	10.74	418.69	155.00	312.50	125.00	5.34	29.02	10.00	6.45	79	1
Madura Cots (10)	06 86	21.81	30.21	23.85	64.00	74.00	62.00	64.83	9.87	25.00	3.91	86	1
Mafat Fine (100)	03 87	6.48	16.38	352.78	232.50	300.00	200.00	41.36	5.62	17.00	7.31		
Mafat Ind (125)	03 87	8.10	40.71	753.24	295.00	420.00	295.00	79.88	2.95	1.76	0.75	78	1
Morarjee (10)	06 86	4.20	8.95	31.31	360.00	550.00	340.00	110.71	32.52	200.00	5.56	81	1
Raymond (10)	03'87	11.24	53.80	57.86	106.00	109.00	24.00	101.16	10.48	25.00	2.36	82	3
Shri Dinesh (100)	06'85	1.03	7.94	870.87	900.00	999.00	320.00	217.48	4.14	20.00	2.22	76	1
Stan Mills (100)	12 86	11.05	32.57	394.75	275.00	532.50	265.00	44.07	6.24	16.00	5.82	82	2
DIVERSIFIED		**223.35**	**642.82**		**1256.56***			**48.23**	**11.34**		**17.90**		
Ahmed Adv (100)	06'86	3.46	3.18	191.91	180.00	180.00	00.00	32.95	5.46	0.00	0.00	81	1
Century (100)	12 86	26.62	117.19	540.23	635.00	750.00	600.00	59.95	10.59	20.00	3.15		2
D.C.M. (10)	06 86	23.02	52.50	32.81	31.00	41.00	24.25	23.85	13.00	800.00	258.06		
EID Parry (10)	06 86	6.28	4.31	16.86	26.25	26.25	16.25	16.72	15.70	10.00	3.81		
Escorts (10)	12 86	13.38	62.38	56.62	42.00	60.00	35.00	60.84	6.90	22.00	5.24	86	1
Forbs Camp (10)	06 86	4.25	3.83	19.01	41.00	60.00	30.00	22.82	17.96	20.00	4.88	82	2
Hind Devel (10)	12 86	8.20	72.15	97.99	86.00	97.00	67.00	91.95	9.35	20.00	2.33	86	
Hyd. Allwyn (10)	07 86	18.51	8.93	14.82	9.50	15.00	5.00	15.24	6.24	14.00	14.74		
Kesoram (10)	03 87	8.85	51.42	68.10	58.50	62.00	44.00	80.79	7.24	100.00	17.09	80	
L & T (10)	09 86	51.97	132.36	35.47	93.00	98.00	67.00	59.01	15.76	17.00	1.83	86	
Lohia (10)	10'86	13.50	8.64	16.40	15.50	34.00	13.00	34.74	4.46	20.00	12.90	80	
Mac & Mag (10)	06'86	2.74	8.56	41.24	44.25	44.75	32.75	16.42	26.94	7.00	1.58		
Modi Ind (10)	03 85	2.17	11.90	64.84	29.00	31.50	17.00	162.67	1.78	18.00	6.21	69	
Rallis (100)	05 86	5.64	16.58	393.97	850.00	850.00	500.00	76.42	11.12	25.00	2.94	77	3
Reck & Col (10)	01 87	4.20	9.13	31.74	219.00	222.00	147.00	99.05	22.11	25.00	1.14	85	
Straw Prod (10)	12 86	10.14	32.68	42.23	42.50	57.00	39.00	63.21	6.72	20.00	4.71	72	
Texmaco (10)	12 86	1.87	11.06	69.14	24.70	27.25	14.25	–208.56	0.00	0.00	0.00		
Voltas (100)	08 86	12.78	21.36	267.14	340.00	340.00	200.00	24.41	13.93	10.00	2.94	81	
Zenith (10)	06'86	5.77	14.66	35.41	61.00	72.00	41.00	69.67	8.76	30.00	4.92	79	
DYESTUFFS		**16.55**	**25.74**		**70.74***			**33.53**	**12.75**		**3.83**		
Coates (10)	10 85	1.11	1.75	25.77	60.00	60.00	00.00	45.05	13.32	21.00	3.50	86	
Col-Chem (100)	03'87	7.94	10.84	236.52	500.00	535.00	265.00	42.44	11.78	18.00	3.60		
Ind Dyest (100)	03 87	7.50	13.15	275.33	325.00	375.00	165.00	22.40	14.51	14.00	4.31	80	
ELECTRICALS		**81.59**	**168.61**		**414.60***			**27.09**	**18.76**		**2.24**		
Asea (10)	12 86	3.00	4.18	23.93	52.00	100.00	50.00	16.67	31.20	15.00	2.88	80	
Asian Cab (100)	12 86	3.06	5.00	263.40	640.00	700.00	230.00	41.83	15.30	1.70	0.27	81	
Best & Crom (10)	12 86	4.50	17.45	48.78	34.00	57.00	28.00	20.22	16.81	15.00	4.41	82	
Eng Elec (10)	03 87	4.50	17.83	49.62	136.00	138.00	60.00	87.33	15.57	27.50	2.02	80	
GEC (10)	03'87	7.20	16.94	33.53	38.50	66.25	36.60	24.17	15.93	10.00	2.60	72	
Genelec (10)	06 86	2.16	4.06	28.80	85.00	247.50	62.50	90.28	9.42	25.00	2.94	84	
Hind Brown (100)	04'87	4.00	11.26	381.50	230.00	420.00	230.00	45.75	5.03	16.00	6.96	78	
Math & Platt (10)	06 86	6.40	5.67	18.86	110.00	117.50	65.00	49.38	22.28	17.00	1.55	86	
Punj Anand (10)	09 85	0.80	0.22	12.75	5.50	10.50	5.50	21.25	2.59	5.10	9.27		
Siemens (10)	9 86	10.80	32.74	40.31	97.00	112.00	68.00	39.26	24.71	16.00	1.65	82	
Stand Batt (100)	06 85	1.02	4.56	547.06	500.00	500.00	500.00	114.71	4.36	18.00	3.60	70	
Uni Carb (10)	12 85	32.58	36.11	21.08	19.10	23.00	12.00	0.40	478.68	5.00	2.62	80	
W.S. Insul (10)	09'85	1.57	12.59	90.19	30.00	36.00	27.00	69.43	4.32	18.00	6.00		
ELECTRICITY		**63.00**	**293.86**		**111.06***			**90.32**	**1.95**		**9.18**		
Ahmd Elec (100)	03 87	15.24	64.75	524.87	175.00	175.00	132.00	55.64	3.15	16.00	9.14		
And Valley (100)	03 86	9.32	25.72	375.97	165.00	192.50	155.00	19.10	8.64	16.00	9.70	75	
B.S.E.S. (100)	03 86	5.85	56.21	1060.85	152.50	190.00	137.50	108.38	1.41	18.00	11.80	81	
Cal Elec (10)	03 86	8.44	54.96	75.12	15.70	16.20	13.20	111.85	1.40	16.00	10.19		
Tata Hydro (100)	03 86	6.55	18.38	380.61	157.50	200.00	157.50	18.63	8.46	16.00	10.16	75	1
Tata Power (100)	03 87	17.60	73.84	519.55	207.50	310.00	195.00	168.41	1.23	16.00	7.71	75	1
ELECTRONICS		**45.64**	**33.43**		**167.24***			**-5.72**	**0.00**		**2.83**		
Gramophone (10)	03 85	1.80	–2.81	–5.61	8.25	11.50	5.87	-262.78	0.00	0.00	0.00	76	
Nelco (100)	12 86	3.18	0.24	107.55	120.00	131.25	60.00	–39.31	0.00	0.00	0.00		
Peico (10)	12 86	33.32	31.40	19.42	39.00	57.50	36.00	1.41	276.49	10.00	2.56	82	
Samtel (10)	12 86	3.03	3.62	21.95	77.50	77.50	13.75	74.26	10.44	25.00	3.23		
Usha Rect (10)	12 86	4.31	0.98	12.27	19.75	24.50	9.85	15.08	13.10	15.00	7.59	83	
ENGINEERING		**143.79**	**238.11**		**1020.01***			**38.44**	**16.65**		**1.80**		
Alfa Laval (10)	12'86	5.21	13.21	35.36	75.00	77.50	45.00	38.58	19.44	16.00	2.13	86	
Andrew Yule (10)	03 86	7.53	12.45	26.53	21.50	24.50	16.00	31.08	6.92	10.00	4.65	67	
Atlas Copco (10)	12'85	4.83	8.53	27.66	68.00	156.00	68.00	43.27	15.71	16.00	2.35	82	
Avery India (10)	12 85	4.20	5.62	23.38	148.00	167.00	112.00	59.52	24.86	35.00	2.36		
C.P. Tools (10)	01'87	4.57	7.57	265.65	870.00	930.00	370.00	50.77	17.14	18.00	2.07	82	
Elecon Engg (10)	12 86	3.53	25.13	81.19	75.00	125.00	57.00	118.98	6.30	22.00	2.93	81	
Facit Asia (10)	06'86	1.91	2.17	21.36	32.00	36.00	00.00	45.55	7.03	15.00	4.69	86	

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: ye
* market capitalisation in Rs crores.

Company (Face value)	Year ended	Eq (Rs in crores)	Res (Rs in crores)	Book value (Rs.)	Market Price (Rs.) on 27.8.87	1987 High	1987 Low	EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus Yr	Last bonus Ratio
t (10)	12/86	3.40	2.05	16.03	70.00	267.50	10.88	35.88	19.51	18.00	2.57	86	1 : 3
W (10)	12/86	24.06	20.60	18.56	9.70	15.40	9.70	2.16	44.88	5.00	5.15	83	1 : 3
C (10)	09/85	0.74	1.70	32.97	12.00	19.50	9.00	20.27	5.92	12.00	10.00	85	3 : 5
Sewing (10)	06/86	2.00	7.43	47.15	72.50	80.00	48.75	327.00	2.22	20.00	2.76		
er Rand (10)	12/86	7.90	13.25	26.77	362.50	365.00	265.00	97.09	37.34	25.00	0.69	85	1 : 1
vinator (10)	06/86	3.55	17.59	59.55	39.00	54.00	32.00	94.93	4.11	15.00	3.85	84	1 : 1
Cumm (100)	09/86	13.20	45.67	445.98	52.50	97.50	40.00	60.98	0.86	20.00	38.10	83	1 : 1
Oil (10)	06/86	5.75	12.98	32.57	19.50	20.50	13.00	59.83	3.26	12.50	6.41		
Pneu (10)	09/85	3.85	3.37	18.75	16.00	16.00	9.00	3.64	44.00	0.00	0.00		
Pumps (10)	12/86	4.36	7.62	27.48	395.50	405.00	220.00	117.20	33.75	20.00	00.51	86	1 : 1
albox (10)	03/86	12.23	6.67	15.45	9.50	17.00	8.00	11.53	8.24	0.00	0.00		
di Xerox (10)	04/86	12.48	0.00	10.00	25.50	27.00	12.00	-48.00	0.00	0.00	0.00		
s (10)	11/86	5.04	7.05	23.99	227.50	250.00	155.00	56.35	40.37	22.50	0.99	85	1 : 1
n Rand (10)	03/86	2.67	3.78	24.16	37.00	37.00	21.00	35.58	10.40	18.00	4.86	86	1 : 2
dvik (100)	12/86	5.77	5.13	188.91	1010.00	1010.00	745.00	27.90	36.20	20.00	1.98	84	1 : 1
Robins (10)	03/87	2.01	3.21	25.97	40.00	47.00	26.00	28.85	13.40	16.00	4.00	77	1 : 4
chand (10)	03/86	3.00	5.33	27.77	12.00	21.00	11.00	44.00	2.73	16.00	13.33	82	1 : 2
TILISERS		**202.66**	**432.52**		**868.13***			**71.67**	**5.98**		**4.33**		
omandel (10)	03/86	16.21	47.96	39.59	35.00	65.00	35.00	62.80	5.57	20.00	5.71		1 : 2
pak Fert (10)	12/86	11.50	2.05	11.78	39.50	46.50	33.00	51.30	7.70	15.00	3.80		
ram Mor (50)	12/86	6.42	10.20	25.89	24.00	36.00	23.00	25.70	9.34	20.00	8.33		
FC (10)	06/86	88.98	93.05	20.46	34.00	60.50	31.50	81.42	4.18	18.00	5.29		
FC (10)	12/86	20.70	142.40	78.79	103.00	183.50	71.00	111.01	9.28	27.00	2.62	83	1 : 4
ngal Fert (10)	12/86	12.42	13.87	21.17	25.00	39.50	23.00	87.44	2.86	12.00	4.80		
C (10)	12/86	34.00	74.84	32.01	38.00	56.00	34.00	36.94	10.29	15.00	3.95	86	1 : 1
ri Agro (10)	12/86	12.43	48.15	48.74	60.00	88.00	56.00	69.75	8.60	25.00	4.17		
OD PRODUCTS		**50.20**	**120.25**		**847.37***			**93.75**	**18.01**		**1.75**		
annia (10)	11/86	8.85	19.59	32.14	118.75	135.00	83.00	83.16	14.28	27.00	2.27	87	2 : 5
n Prod (10)	9/86	0.75	1.09	24.53	42.50	65.00	21.25	65.33	6.51	14.00	3.29	78	1 : 4
d Spec (10)	12/86	19.08	14.36	17.53	165.00	190.00	112.50	54.56	30.24	32.50	1.97	86	1 : 1
d Cocoa (10)	06/86	4.20	8.17	29.45	245.00	262.50	168.75	79.52	30.81	28.00	1.14	85	2 : 3
M (10)	04/87	7.09	25.29	45.67	327.50	330.00	202.50	298.87	10.96	55.00	1.68	85	3 : 8
Dowell (10)	06/86	6.40	37.02	67.84	105.00	110.00	20.75	22.03	47.66	10.00	0.95	86	1 : 1
Food (10)	12/85	0.57	3.31	68.07	110.00	145.50	35.00	131.58	8.36	15.00	1.36		
l Brew (10)	06/85	1.26	1.45	21.51	50.00	62.50	30.00	62.70	7.97	10.00	2.00	82	2 : 5
ted Brew (10)	06/86	2.00	9.97	59.85	47.00	47.00	27.50	66.00	7.12	10.00	2.13	75	1 : 1
N & STEEL		**132.03**	**450.12**		**832.42***			**92.78**	**6.75**		**2.99**		
ar Alloy (10)	12/86	7.00	10.90	25.57	14.00	18.00	9.00	-11.43	0.00	0.00	0.00		
ata (10)	00/00	12.00	0.00	10.00	16.00	90.00	12.00	0.00	0.00	0.00	0.00		
dal Iron (10)	09/86	1.68	0.22	11.31	11.00	21.00	8.00	7.14	15.40	10.00	9.09		
yani Steel (10)	08/86	1.12	6.27	65.98	300.00	317.00	110.00	222.32	13.49	25.00	0.83	83	1 : 1
n Ugine (10)	06/86	7.30	14.38	29.70	63.00	71.00	27.00	57.40	10.98	15.00	2.38		
kand (10)	6/86	9.83	9.17	19.33	85.00	85.00	62.00	51.68	16.45	15.00	1.76	0.00	0 : 0
ni Alloys (10)	06/86	2.88	4.11	24.27	16.00	17.50	8.00	46.53	3.44	10.00	6.25		
c Steel (100)	12/86	7.59	3.98	152.44	730.00	890.00	270.00	139.13	5.25	12.00	1.64		
o (100)	03/87	82.63	401.09	585.40	700.00	810.00	590.00	120.44	5.81	25.00	3.57	82	2 : 5
SING & FIN		**31.56**	**26.38**		**59.72***			**45.60**	**4.15**		**11.00**		
n Cent (10)	11/86	6.34	10.86	27.13	20.00	35.00	16.00	59.78	3.35	27.00	13.50	85	2 : 5
o (10)	00/00	4.00	0.00	10.00	8.00	11.00	6.00	0.00	0.00	0.00	0.00		
t Leas (10)	11/85	1.25	2.89	33.12	17.50	27.50	14.00	89.60	1.95	21.00	12.00		
da Leas (10)	06/87	4.32	2.32	15.37	22.00	31.00	14.00	45.37	4.85	25.00	11.36		
arju Fin (10)	09/86	2.44	1.92	17.87	11.00	16.00	10.00	54.92	2.00	23.00	20.91		
s Leas (10)	09/86	2.46	1.66	16.75	12.00	18.00	9.50	50.41	2.38	23.00	19.17		
s Mur (10)	06/86	4.75	2.49	15.24	17.00	31.00	12.50	46.32	3.67	25.00	14.71		
d Fin (10)	12/85	6.00	4.24	17.07	30.75	35.00	28.25	45.67	6.73	20.00	6.50	86	1 : 1
NTS		**12.86**	**34.63**		**181.78***			**105.68**	**13.38**		**2.06**		
n Paints (10)	12/86	8.30	28.16	43.93	186.25	280.00	175.00	138.80	13.42	35.00	1.88	85	3 : 5
wa Paints (10)	06/86	1.32	2.09	25.83	28.00	31.00	26.00	44.70	6.26	14.00	5.00	81	1 : 4
d Nerol (10)	06/86	3.24	4.38	23.52	72.50	100.00	37.50	45.68	15.87	20.00	2.76	78	5 : 7
ER		**37.10**	**136.24**		**140.43***			**78.11**	**4.85**		**5.33**		
h Paper (100)	06/86	5.62	11.25	300.18	90.00	160.00	70.00	43.24	2.08	16.00	17.78	80	1 : 4
rishna (10)	03/86	1.20	4.16	44.67	95.00	115.00	82.50	124.17	7.65	20.00	2.11	85	1 : 1
arpur Ind (10)	06/86	13.98	69.64	59.81	48.00	61.00	44.00	106.80	4.49	22.00	4.58	81	1 : 5
drachal (10)	09/86	10.57	12.65	21.97	37.00	54.00	29.00	65.18	5.68	20.00	5.41		
nt (10)	03/86	5.73	38.54	77.26	31.00	74.00	31.00	56.54	5.48	20.00	6.45	77	1 : 2
TICIDES		**9.24**	**8.94**		**24.30***			**32.36**	**0.00**		**2.67**		
l Ind (10)	09/86	4.62	6.78	24.68	23.00	30.00	16.00	10.39	22.14	10.00	4.35	84	4 : 5
m (10)	09/86	0.64	2.04	41.88	170.00	175.00	86.25	237.50	7.16	30.00	1.76	87	1 : 1
rho (10)	09/85	3.98	-0.12	10.30	7.00	7.00	0.00	-125.38	0.00	0.00	0.00		
RMACEUTICALS		**143.22**	**249.74**		**975.48***			**38.88**	**17.20**		**2.21**		
ot Lab (10)	11/86	2.25	1.78	17.91	53.00	72.50	44.00	-45.78	00.00	00.00	0.00		
bic Ch (100)	05/86	3.45	6.49	288.12	150.00	150.00	90.00	42.90	3.50	15.00	10.00		
alal Sar (10)	06/85	22.19	30.35	23.68	14.50	17.00	6.75	45.74	3.17	0.00	0.00	81	1 : 5
a Idl (10)	06/86	2.50	1.43	15.72	40.00	57.00	31.00	28.80	13.89	10.00	2.50		
ringer (10)	04/86	1.00	1.20	22.00	50.00	60.00	32.00	69.00	7.25	10.00	2.00		
s (10)	12/86	4.05	8.98	32.17	120.00	155.00	91.25	76.30	15.73	32.00	2.67	84	3 : 5
oughs (10)	08/86	3.00	11.33	47.77	75.00	103.75	50.00	55.00	13.64	25.00	3.33	84	2 : 1
erck (10)	12/86	4.40	2.89	16.57	70.00	70.00	15.94	37.95	18.44	15.00	2.14	86	3 : 5
yef (10)	11/86	5.00	12.22	34.44	225.50	247.50	163.75	102.40	21.73	25.00	1.12		
nan Rem (10)	12/85	3.26	3.36	20.31	48.00	63.00	30.00	18.40	26.08	14.00	2.92	82	3 : 5
o (10)	06/86	20.00	26.48	23.24	75.00	82.00	49.00	14.75	50.85	18.00	2.40	80	1 : 3
Ciba (100)	12/86	17.71	28.53	261.10	440.00	490.00	355.00	29.59	14.87	18.00	4.09	80	1 : 2
hst (100)	12/86	9.58	24.99	360.86	610.00	940.00	440.00	27.14	22.48	20.00	3.28	82	1 : 2
nt Vit (10)	06/85	1.35	2.68	29.85	75.00	112.50	60.00	201.48	3.72	15.00	2.00		
India (10)	09/86	2.00	0.28	11.40	45.00	49.00	27.00	46.00	9.78	15.00	3.33		
& Baker (10)	12/86	4.50	6.06	23.47	46.00	69.00	27.00	11.56	39.81	5.00	1.09		
nd (10)	12/85	1.80	1.49	18.28	45.00	47.50	28.50	12.22	36.82	10.00	2.22		
olas Lab (10)	06/86	1.46	1.64	21.23	67.50	67.50	32.50	13.70	49.27	15.00	2.22		
e Davis (10)	11/86	3.36	3.79	21.28	50.00	66.00	35.00	37.80	13.23	25.00	5.00		
Pfizer (10)	11/86	11.72	16.22	23.84	70.00	93.00	38.00	2.90	241.29	10.00	1.43	77	4 : 5
Ranbaxy (10)	12/86	3.07	12.49	50.68	120.00	135.00	71.00	83.71	14.33	20.00	1.67	80	1 : 1
Rich Hind (10)	06/86	3.71	4.30	21.59	310.00	340.00	210.00	79.78	38.85	40.00	1.29	85	1 : 2
Sandoz (10)	12/86	4.50	16.40	46.44	90.00	140.00	57.60	55.78	16.14	16.00	1.78	84	2 : 7
Searle (10)	12/86	3.48	13.02	47.41	85.00	240.00	85.00	109.20	7.78	20.00	2.35	86	1 : 1
Unichem (100)	09/85	0.90	7.93	981.11	40.00	45.00	32.00	92.22	0.43	20.00	50.00	80	1 : 4
Warner Hind (10)	11/86	2.98	3.41	21.44	57.50	90.00	44.00	63.76	9.02	25.00	4.35		3 : 10
PLASTICS		**18.71**	**34.12**		**134.23***			**56.60**	**12.68**		**2.70**		
Bajaj Plas (10)	12/86	1.50	4.75	41.67	35.00	67.50	28.50	72.00	4.86	20.00	5.71	86	1 : 1
Bake Hylam (10)	06/86	4.50	7.92	27.60	28.00	37.00	24.50	23.78	11.78	16.00	5.71	80	2 : 3
Garwa Plas (10)	06/86	5.81	11.83	30.36	96.00	103.00	69.00	71.77	13.38	20.00	2.08		
Sup Indus (100)	06/86	0.90	4.61	612.22	4300.00	4600.00	1700.00	218.89	19.64	27.00	0.63	86	4 : 5
V.I.P. Ind (10)	07/86	6.00	5.01	18.35	36.50	61.50	26.00	38.33	9.52	20.00	5.48		0 : 0
SHIPPING		**83.34**	**56.75**		**175.68***			**54.27**	**3.88**		**9.94**		
Dempo St (100)	06/85	2.00	9.83	391.50	65.00	65.00	65.00	00.00	0.00	0.00	0.00		
Essar Ship (10)	12/86	24.65	31.83	22.91	22.50	35.50	17.50	30.39	7.40	20.00	8.89		
Great East (10)	06/86	31.94	27.67	18.66	33.25	33.50	16.75	22.17	15.00	12.00	3.61	83	2 : 3
India Steam (10)	03/87	5.81	3.77	16.49	5.60	7.00	5.00	20.83	2.69	150.00	267.86		
Scindia (10)	06/86	18.94	3.31	11.75	5.00	7.75	2.75	155.49	0.32	0.00	0.00	77	2 : 5
SYNTHETIC TEXT		**205.22**	**722.05**		**1374.40***			**50.20**	**12.45**		**3.17**		
Baroda Ray (100)	12/85	12.14	21.96	280.89	197.50	270.00	177.00	39.13	5.05	18.00	9.11	82	1 : 2
Bharat Com (10)	12/85	3.75	4.90	23.07	15.25	17.75	00.00	17.07	8.94	0.00	0.00	82	1 : 2
Cen Enka (100)	12/86	11.86	78.76	764.08	1025.00	1175.00	815.00	89.12	11.50	34.00	3.32	85	1 : 2
Garware Nyl (10)	08/86	9.72	16.53	27.01	25.00	36.00	20.50	14.40	17.36	15.00	6.00	82	1 : 2
Grasim (10)	03/87	21.59	101.59	57.05	96.00	118.00	80.00	39.83	24.10	24.00	2.50		
Indian Rayon (10)	06/86	6.87	43.32	73.06	62.00	77.00	50.00	65.79	9.42	28.00	4.52	80	1 : 4
IOC (10)	03/87	12.46	25.56	30.51	40.50	78.00	40.50	43.02	9.41	15.00	3.70	85	1 : 2
J.K. Synth (10)	03/86	25.25	91.83	46.37	53.50	93.50	39.50	162.81	3.29	20.00	3.74	83	1 : 3
Nat Ray (100)	06/86	6.01	5.39	189.68	67.00	100.00	50.00	-121.96	0.00	0.00	0.00	72	1 : 4
Nirlon (10)	09/85	10.46	24.01	32.95	9.00	26.00	8.50	25.81	3.49	22.50	25.00	82	1 : 2
Orkay (10)	03/86	16.15	26.74	26.56	36.00	115.00	29.50	48.61	7.41	20.00	5.56		
Reliance (10)	12/86	51.61	254.12	59.24	120.00	277.00	110.00	27.46	43.71	25.00	2.08	83	3 : 5
S.I. Viscose (100)	03/86	7.35	7.17	197.55	450.00	470.00	245.00	41.22	10.92	18.00	4.00	76	1 : 2
Shriram Fib (10)	09/86	6.10	14.25	33.36	34.00	36.00	20.00	49.34	6.89	18.00	5.29	83	1 : 2
Swad Poly (10)	09/85	3.90	5.92	25.18	48.00	80.00	40.00	67.95	7.06	25.00	5.21		
TEA		**94.15**	**259.35**		**840.44***			**75.57**	**11.81**		**2.76**		
Assam Co (10)	06/85	7.00	10.12	24.46	134.00	134.00	64.50	143.43	9.34	32.50	2.43	85	1 : 1
Assam Front (10)	06/86	3.00	4.93	26.43	92.00	94.00	23.75	50.67	18.16	30.00	3.26		
Bom Burm (100)	09/85	5.52	16.73	403.08	505.00	505.00	225.00	78.08	6.47	25.00	4.95	78	1 : 4
Brooke Bond (10)	06/86	12.86	26.25	30.41	109.00	112.00	76.00	86.24	12.64	0.00	0.00		3 : 5
Dom Dooma (10)	12/86	3.50	9.99	38.54	82.75	85.00	54.50	80.29	10.31	40.00	4.83	84	1 : 1
Dun Agro (100)	12/85	2.03	12.51	716.26	267.00	267.00	153.00	116.26	2.30	30.00	11.24		
George Will (10)	06/86	6.30	17.12	37.17	96.00	107.50	79.00	44.92	21.37	27.50	2.86	85	4 : 5
Goodrickes (10)	06/86	3.60	18.51	61.42	112.00	114.00	37.00	137.50	8.15	65.00	5.80		
Harrison Mal (10)	03/86	6.50	13.08	30.12	61.00	61.00	41.00	49.85	12.24	25.00	4.10	85	1 : 1
Jayashree (10)	03/86	6.15	41.00	76.67	40.50	59.50	34.00	12.20	33.21	13.00	3.21	85	1 : 2
Lipton (10)	06/86	15.75	5.02	13.19	72.00	79.50	57.00	39.56	18.20	15.00	2.08		
McLeod Russ (10)	06/86	3.12	18.03	67.79	116.00	200.00	83.00	194.23	5.97	70.00	6.03	84	1 : 4
Tata Tea (10)	12/86	10.52	44.69	52.48	126.00	132.50	89.00	80.32	15.69	30.00	2.38	79	1 : 3
Tea Estates (10)	06/86	4.40	12.17	37.66	103.00	104.00	50.50	75.00	13.73	35.00	3.40	85	1 : 1
Warren Tea (10)	03/87	3.90	9.20	33.59	61.00	70.00	50.00	82.31	7.41	22.50	3.69	85	1 : 5
TRADING		**17.35**	**39.62**		**128.04***			**73.14**	**10.09**		**3.00**		
Batliboi (10)	09/85	1.56	3.49	32.37	17.00	26.50	17.00	39.10	4.35	8.00	4.71		0 : 0
Blow Plast (10)	07/86	1.00	1.69	26.90	145.00	178.00	92.50	57.00	25.44	25.00	1.72	83	2 : 3
Blue Star (10)	06/86	2.22	6.53	39.41	55.00	102.50	47.50	100.00	5.50	22.00	4.00	83	3 : 5
Grea Cott (100)	06/86	6.57	14.11	314.76	260.00	265.00	230.00	71.84	3.62	18.00	6.92	77	1 : 2
Shaw Wal (10)	06/85	6.00	13.80	33.00	136.00	170.00	104.00	76.17	17.86	30.00	2.21	81	1 : 2
TYRES & TUBES		**71.50**	**145.98**		**446.33***			**72.32**	**8.63**		**2.34**		
Apollo Tyres (10)	10/86	7.75	0.65	10.84	32.00	36.00	12.00	120.13	2.66	0.00	0.00		
Ceat (100)	06/86	9.31	59.40	73.80	67.00	72.00	45.00	73.15	9.16	21.00	3.13	86	1 : 2
Dunlop (10)	12/85	18.98	29.76	25.68	76.00	78.00	70.00	46.58	16.32	11.50	1.51		
Goodyear (10)	12/86	7.46	11.56	25.50	80.00	85.00	67.00	149.06	5.37	25.00	3.12	77	2 : 5
J.K. Ind (10)	06/86	13.76	2.20	11.60	41.00	41.00	28.00	73.04	5.61	10.00	2.44		
Modi Rubber (10)	04/86	10.38	27.66	36.65	50.00	51.00	33.00	26.30	19.01	20.00	4.00	86	2 : 5
MRF (10)	09/86	3.86	14.75	48.21	121.50	125.00	63.00	73.83	16.46	25.00	2.06	75	1 : 2
MISCELLANEOUS		**92.11**	**174.68**		**509.98***			**49.38**	**11.13**		**3.21**		
Bata (10)	12/86	5.25	13.20	35.14	72.50	157.00	72.50	43.05	16.84	20.00	2.76	84	2 : 5
Bharat Forge (10)	09/86	4.96	19.15	48.61	128.00	136.00	63.00	97.78	13.09	25.00	1.95	81	1 : 1
Consol Cof (10)	06/86	5.01	8.00	25.97	55.00	67.50	43.00	48.90	11.25	22.00	4.00	82	1 : 2
E.I. Hotels (10)	03/87	17.34	27.44	25.82	51.00	58.00	41.00	56.40	9.04	20.00	3.92	84	2 : 5
F.G.P. (10)	03/87	3.27	6.24	29.08	75.00	75:00	25.50	88.69	8.46	20.00	2.67	79	1 : 2
Hawk Cook (10)	09/86	1.84	1.86	20.11	20.00	37.00	16.00	39.96	5.41	20.00	10.00	81	3 : 5
Indag Rub (10)	06/85	2.72	0.15	10.55	16.50	16.50	7.00	-12.50	00.00	0.00	0.00		
Ind Foils (10)	06/86	2.62	5.59	31.34	77.50	150.00	58.00	69.08	11.22	21.30	2.75	82	1 : 4
Ind Cards (10)	03/86	3.25	2.42	17.45	28.00	30.00	18.50	35.38	7.91	20.00	7.14	81	1 : 2
Ind Hotels (10)	03/87	7.85	34.72	54.23	132.50	132.50	62.50	81.27	16.30	30.00	2.26	82	2 : 5
Ind Photo (10)	12/86	1.00	1.98	29.80	90.00	130.00	37.50	37.00	24.32	20.00	2.22	83	1 : 1
Light Met Ind (10)	00/00	6.14	0.00	10.00	13.75	25.63	12.37	0.00	00.00	0.00	0.00		
Tata Press (10)	03/86	1.25	3.74	39.92	72.50	92.00	70.00	77.60	9.34	25,00	3.45		
Tinplate (10)	03/87	10.14	6.41	16.32	24.00	34.00	20.75	29.09	8.25	10.00	4.17		
Tube Inv (10)	12/86	5.73	18.88	42.95	26.00	34.00	24.00	38.57	6.74	16.00	6.15	85	1 : 3
United Diam (10)	06/85	1.63	1.80	21.04	9.00	18.00	7.00	45.40	1.98	25.00	27.78		
Widia (100)	12/86	3.66	8.64	336.07	900.00	900.00	600.00	59.56	15.11	15.00	1.67	85	1 : 1
Wimco (10)	12/86	8.45	14.46	27.11	31.00	57.00	30.00	48.99	6.33	18.00	5.81	70	1 : 5
Market total/average		**2776.75**	**6238.27**		**16,484.40**			**51.38**	**11.14**		**4.17**		

: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
rket capitalisation in Rs crores.

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*** market capitalisation in Rs crores.**

DATA COMPILED AND UPDATED WITH THE HELP OF OM PRAKASH SEHGAL

Deposits

Company fixed deposits (current for September 1987)

Name of the company	Minimum amount	Rate of Interest 1 year	2 year	3 year
ACC	3000	12.00	13.00	14.00
Asian Paints	5000	14.00	14.00	14.00
Atash Industries	2000	14.00	14.00	14.00
Bhadrachalam Paperboards	3000	—	—	14.00
Bombay Dyeing	3000	—	14.00	14.00
Carona	2000	—	14.00	14.00
Cable Corpn	3000	14.00	14.00	14.00
Chemicals & Plastics	2000	14.00	14.00	14.00
DCM Ltd	5000	12.00	13.00	14.00
Dunlop	3000	14.00	14.00	14.00
E. Merck	3000	—	—	14.00
Food Specialities	5000	—	—	14.00
First Leasing	2000	13.50	13.75	14.00
GNFC	3000	—	12.50	14.00
Goodyear	3000	—	—	14.00
GKW	2000	—	—	14.00
Hyd. Allwyn	3000	13.00	13.75	14.00
ICIM	3000	14.00	14.00	14.00
India Cements	3000	13.00	14.00	14.00
Investment Trust of India	10000	14.00		
	6000		14.00	
J K Industries	3000	—	13.50	14.00
J K Synthetics	3000	—	14.00	14.00
Jagatjit Indus	3000	13.00	14.00	14.00
Kir. Cummins	3000	12.00	13.00	14.00
Kothari Orient	2000	13.50	14.00	14.00
Madras Motor Finance	1000	14.00	14.00	14.00
Modi Cement	2000	13.00	13.50	14.00
Nag Investment	2000	14.00	14.00	14.00
Orkay Silk	2000	13.50	14.00	14.00
Parke-Davis	3000	—	—	14.00
Phillips Carbon Black	1000	13.00	13.50	14.00
Peico	1000	14.00	14.00	14.00
Raptakos Brett	2000	13.00	13.50	14.00
Sandoz	5000	14.00	14.00	14.00
Siemens	5000	14.00	14.00	14.00
Sundaram Finance	3000	12.00	13.50	14.00
SPIC	3000	—	13.50	14.00
SAIL	2000	11.50	12.50	13.50
Straw Products	3000	13.00	13.50	14.00
Tata Tea	3000	—	—	—
Telco Dealers Leasing	3000	14.00	14.00	14.00
Universal Luggage	2000	13.50	14.00	14.00
Wheels India	3000	—	13.50	14.00
Wipro	4000	—	—	14.00

Cumulative deposit schemes (current for September 1987)

Name of the Company	Minimum deposit	Maturity amount	Period (years)	Annual Compound rate of interest (%)
1	2	3	4	5
ACC	3000	4503	3	14.50
Asian Paints	5000	7504	3	14.49
Apollo Tubes	2000	3022	3	14.75
Bhadrachalam Paperboards	3000	4551	3	14.50
Bata	3000	4503	3	14.90
Carona	2000	3022	3	14.88
Dunlop	3000	4535	3	14.75
Food Specialities	5000	7500	3	14.47
Goodyear	3000	4502	3	14.49
GNFC	3000	4503	3	14.50
India Cements	3000	4630	3	14.74
Invest. Trust of India	2000	3036	3	14.98
JK Inds	3000	4500	3	14.47
JK Synthetics	3000	4500	3	14.47
Jagatjit Ind	3000	4554	3	14.93
Kirl. Cummins	3000	4533	3	14.75
Kothari Orient	2000	3037	3	14.94
Khatau Makanji	3000	4533	3	14.75
Krest Devlpt	1000	1518	3	14.93
Madras Motor Fin	1000	1518	3	14.76
MJ Pharma	3000	4533	3	14.73
Modi Cement	2000	3022	3	14.88
Madza Leasing	3000	4554	3	14.93
Nagarjuna Invest	1000	1518	3	14.93
Orkay Silk	2000	3022	3	14.97
Peico	3000	4502	3	14.93
Phillips Carbon Black	1000	1511	3	14.74
Rolatainers	2000	3001	3	14.48
S&S Bushings	1000	1518	3	14.93
SPIC	3000	4530	3	14.73
SAIL	2000	3000	3	14.47
Siyaram Silks	3000	4533	3	14.75
Straw Products	3000	4500	3	14.47
Steel Strips	2000	3040	3	14.98
Universal Luggage	2000	3036	3	14.93
Western India Ltd	1000	1518	3	14.93
Wheels India	3000	4542	3	14.77
Wipro	4000	6003	3	14.49
Zuari	2000	3023	3	14.76

Note: The list given above is selection of many companies which accept deposits from their shareholders or from the public. Public companies offer somewhat lower rate compared to many quite sound private limited companies of partnerships. Readers are advised to take suitable professional advice.

Exchange

Foreign exchange

Country	Value of	Rupees*
Australia	1 dollar	9.30
France	1 franc	2.15
West Germany	1 mark	7.18
Hong Kong	1 dollar	1.61
Italy	1,000 lira	9.93
Japan	100 yen	9.16
Kenya	1 shilling	0.82
Kuwait	1 dinar	46.60
Malaysia	1 ringgit	5.19
Mexico	100 pesos	0.90
Netherlands	1 guilder	6.38
Nigeria	1 naira	3.53
Saudi Arabia	1 riyal	3.48
Singapore	1 dollar	6.20
Switzerland	1 franc	8.73
UAE	1 dihram	3.55
UK	1 pound	21.25
USA	1 dollar	13.05

** Indicative interbank middle rates as on 31 August 1987*

Courtesy Hongkong Bank

What goes up must come down. The dolla gave up all the gains of the last three months i just one week. As anticipated in our previou issue the US trade figure provided the impetu for a dollar sell off.

The US trade deficit for June widened t $15.71 billion against an expectation of a reduction from $13.2 billion the previou month. The dollar was then precariousl perched at the year's highest level against th contis and the sell off was swift but the degre of decline caught many people by surprise The dollar fell to DM 1.84 from DM 1.895 i just two days and then slipped to DM 1.8 after the downward revision of the US GN growth in the second quarter to 2.3 per cen against the earlier estimate of 2.6 per cen Central banks, particularly the Bank of Japa were active in preventing the dollar fro crashing.

The sentiment is overwhelmingly bearish for the dollar at the moment with centra banks' intervention being seen as an attemp to smoothen the fall of the dollar rather tha reverse the trend. A further fall is required t improve the trade imbalance as fears of ye another record trade deficit for July were expressed. Sterling too gained against the dolla in line with other currencies though it di come under some selling pressure because o lower oil prices. The rupee thus showed onl small gains against the dollar as bouts o sterling weakness were used effectively by th RBI. This has resulted in the rupee droppin from the year's best levels against the yen an the contis

IMI INTERNATIONAL MANAGEMENT INSTITUTE, INDIA

Announces the following programmes at Hotel Meridien, New Delhi

FIRST ROUND TABLE OF PERSONNEL DIRECTORS (9-10 November 1987)

CONTENTS: Powerlessness in organisations and alienation of middle managers, organisational climate and supervisory management relations; managerial associations; role of personnel department in dealing with problems of managers and their associations and manager development and motivation; alternative approaches towards integration of managers with management process.

A special feature of the round-table is that it provides a forum to discern the latest findings of behavioural science research in Indian context and distil from sharing the experiences and perceptions of outstanding leaders among chief executives through panel discussions.

FOR: Chief Executives, Personnel Directors/Vice Presidents/ Executive Directors/Heads of Departments.

Programme Directors: Drs C S Venkata Ratnam and B K Srivastava

PROGRAMME IN FINANCE FOR NON-FINANCIAL EXECUTIVES (3-5 December 1987)

OBJECTIVES: To make participants aware of the importance of the finance function in business, its relationship with other functions, and major methods and tools of financial analysis.

CONTENTS: An integrated view of financial management; understanding financial statements, management and financing of working capital; long term finance: sources, costs and other related issues; cost analysis and control; decision making for capital expenditure; current trends in capital market; syndicate discussions on themes of current relevance.

FOR: Senior non-financial executives from departments such as production, marketing, maintenance, engineering, corporate planning, personnel.

Programme Directors: Drs S C Kuchhal and T S Srinivasan

FIFTH MARKETING MANAGEMENT PROGRAMME (13-19 December 1987) at Hotel Clarks Amer, Jaipur

OBJECTIVES: To enable participants to evaluate the key changes taking place in the marketing environment and its implications to them; and to aid them in finding and developing new marketing strategies to sustain a competitive edge.

FOR: Middle managers of large companies and senior managers of medium and small companies responsible for marketing/sale of products or services; professionals from other functions who need to develop their understanding of marketing.

Programme Directors: Drs J D Singh, IMI and Roger Bennett, McGill University, Montreal.

For details, write to INTERNATIONAL MANAGEMENT INSTITUTE, INDIA, B-31/B Kailash Colony, New Delhi-110048 Telex: (31) 66657 Cable: ACHIEVING

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Investor Contest

Issue No 248

Back to square one

The previous two contests saw a lot of winners — eight to be precise. This time around, almost all our contestants seem to have underestimated the markets.

Two scrips, Bajaj Auto and Bombay Dyeing, which touched new highs last fortnight, upset most calculations.

Better luck next time!

How to enter

On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 2 October 1987, and send in your entry by 22 September 1987. The winner in accordance with the rules printed below, will get a prize of Rs 5,000. In the event there is no winner, the prize will *not* be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs 5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will *not* be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 2 October 1987, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 2 October 1987, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm. Tuesday, 22 September, 1987.

8 **Business India** is not responsible for non-receipt of entries.

9 **Business India's** decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Thursday 27 August, 1987 (Rs)	Variations permitted from correct prices up to (Rs)	Prices as on Friday, 2 October 1987 (please fill) (Rs)
Dunlop	Calcutta	77.00	3 00	
Hindustan Lever	Bombay	86.00	3.00	
Motor Industries	Bombay	572.50	5.00	
Mukand	Bombay	85.00	3.00	
TISCO	Bombay	700.00	6.00	
Tata Tea	Bombay	126.00	3.00	

NAME: ______

ADDRESS: ______

______

______

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AGE: ______

PROFESSION: ______

DATE: ______

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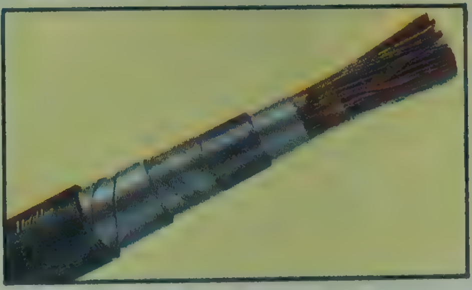

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Speed king

Vicky Chandhok *is totally involved with cars — he races, tests and sells them.*

Vicky Chandhok is a well known name in the world of motor sports. The winner of several tropies in races and rallies, he also tests equipment and tyres on the tracks on behalf of manufacturers. Chandhok is deeply involved in promoting motor sports in this country.

Vicky Chandhok's involvement with cars is total — he races, tests and sells cars. "Racing was initially a hobby," says Chandhok, who first hit the tracks in 1972, when he was still at the Rishi Valley School in Andhra Pradesh. Chandhok finished school in 1973 and his involvement with racing grew while he was in college. "In several ways, racing cars was a natural progression for me," he adds. His father Indu Chandhok served as the president of the Madras Motor Sports Club, and the family business — the Upper India Trading Company originally consisted of trading in automotive components. Subsequently, the firm also acquired a dealership for the Dolphin and the Montana cars.

Racing was pure fun in the early days. Chandhok often prepared his own formula cars in his garage, and "my major expense involved the cost of petrol," he adds. The big events in the racing world then consisted of the races at Sholavaram, near Madras, and the Barrackpore races which subsequently shifted to Juhu. Chandhok's first major win came in 1978 at the Juhu races, after almost five years of racing experience. He continued this success with several sporadic wins, "but I became more consistent in my performance only after 1982," he admits.

By this time, his interest began to extend to rallying as well. "Motor sports began to be taken more seriously as the awareness regarding the sport increased in the early eighties," he adds. So more people started to enter events like the South India Rally and the Himalayan Rally, started almost 10 years ago. In the Indian context, the lack of major sports events forces drivers to participate with equal gusto in racing and rallying. So Chandhok began to make an effort to pick up rallying skills as well.

"Rallying requires greater powers of endurance," he explains. The driver has to keep going at a particular pace for 30 to 36 hours in dirt, mud and slush, and this calls for patience. "It is necessary to literally relate to the car, to be able to almost talk to it and get tuned to its inner working," says Chandhok. Racing, on the other hand, "needs a little more guts than the other man, to accelerate more, while making optimum use of the engine," he says. By 1977, Chandhok had also joined the family business.

The turning point came in 1982. "After informal discussions with Ravi Mammen, executive director of MRF, a single seater sports car was imported," Chandhok recalls. This was a real boost to sports enthusiasts who got the opportunity to handle a good vehicle. Almost simultaneously, MRF gradually began to rely on racing as a means of testing tyres and their publicity campaign benefited from being centred around this theme.

"Racing is a definite method of testing equipment. Within two days, the cars run about 30,000 km and the wear and tear is equal to that attained after two years of normal driving on the road," explains Chandhok, who is part of the team that tests equipment regularly, particularly for MRF. "We get a grip on the car's problems immediately, and are able to provide instant feedback."

Testing brings in another dimension — that of sponsorship. Companies like MRF sponsor their own drivers for the rallies and races. "While participating in a rally, we need at least two service cars following us with service teams," Chandhok says. The rally cars have to be prepared by experts. Taking all expenses into account, each rally costs the participant almost Rs 40,000. "It is easy to get a sponsorship; all it takes is a few wins in the early stages," Chandhok says.

The increase in prize money has attracted participants who take motor sports seriously. Until five years ago, the prize money was nominal, but now the earnings for the winner of a major event, especially in a rally, could range between Rs 60,000 and Rs 70,000. The number of participants in major rallies has therefore increased from 20 to 25 participants to almost 40, primarily because of the money involved.

The net result of all these developments is that "racing and rallying is no longer a sport for amateurs," Chandhok says. "The days when participants raced purely for fun are at an end. It is no longer possible to participate in a rally without prior experience of such events," he adds. So in 1982 he went for training to the Brands Hatch training school in England. The course covered even the finer points of driving like "skid control on motorcycles, cars and other vehicles".

Chandhok entered a winning phase in 1985. With the Himalayan Rally leaping into prominence, he decided to take to rallying seriously in the early eighties. In 1985, he won two major rallies — the Rally D'Endurance and the South India Rally. The next year he was placed second in the Rally D'Endurance, but made it up by winning the Barrackpore Race (six laps) and the Grand Prix at Sholavaram. "Besides the training at Brands Hatch, testing equipment on the tracks also helps me brush up my driving skills," he explains. In 1987, he won the Nandi Hills Climb, the Rally D'Endurance, the Sholavaram Grand Prix and the Safdarjung races, in all of which he was placed first. "My record of wins may not be broken for some time to come," he predicts.

"If India gets a race track of international quality, we can get a championship event that meets international standards here," Chandhok observes. The Federation of Motor Sports Club of India — which was formally recognised by the Ministry of Sports only two years ago — has acquired 1,000 acres near Sriperumbudur in Tamil Nadu. Construction work has started on the tracks and is expected to be ready by 1989. This project has been funded entirely by the Motor Sports Club, without a government subsidy. The cost at present ranges between Rs 3 to Rs 5 crores for the stands, tracks, etc.

Despite the growing interest in the sport several irritants continue to exist. "There is a 220 per cent duty on cars imported for use in races. The point is that such cars can never be used on the roads and therefore have no commercial value," Chandhok observes. For the immediate future, Chandhok plans to continue testing equipment at various circuits as it will "help me brush up for forthcoming events", he says. With a tight schedule, training, testing and working in the family business, Chandhok has no time for hobbies. Racing, which began as a passing interest, has become a full time commitment and for the present, Chandhok plans to enjoy his winning streak.

DHARANI K. PANI

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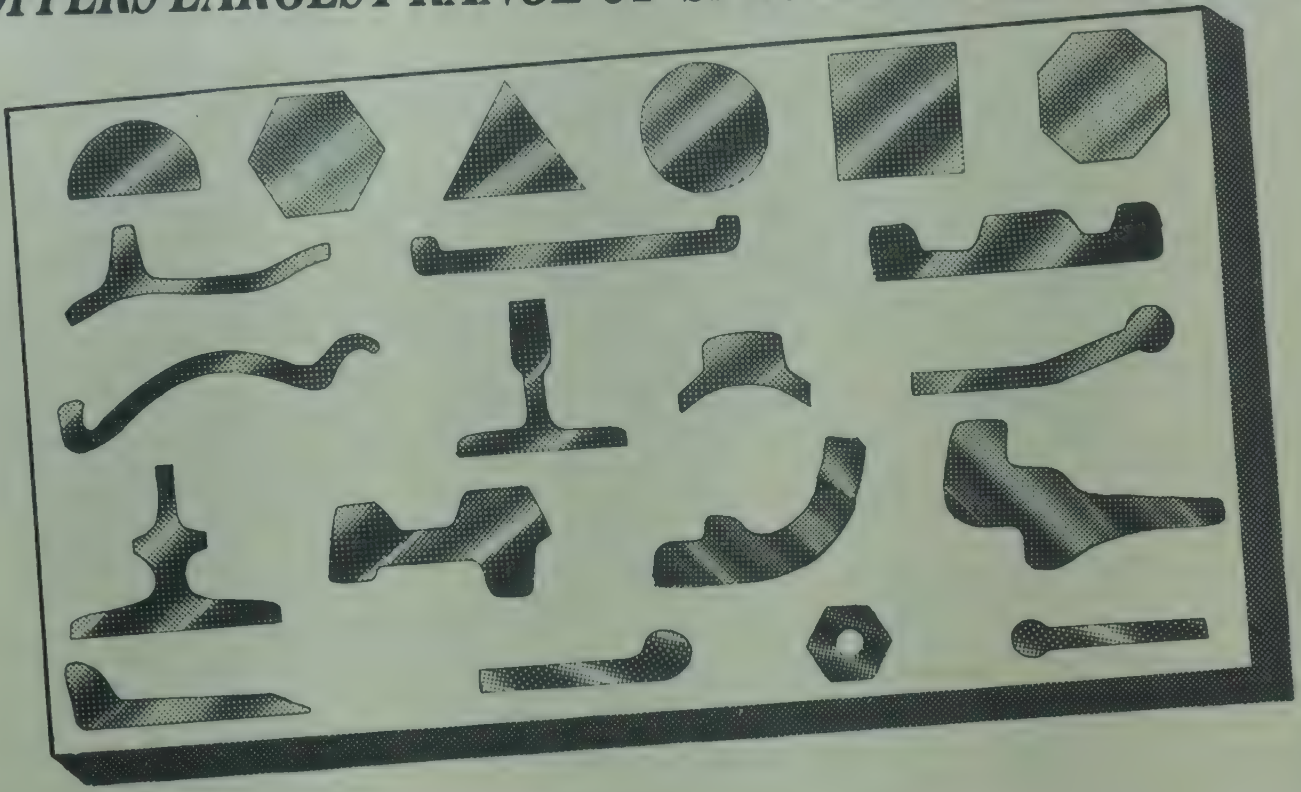

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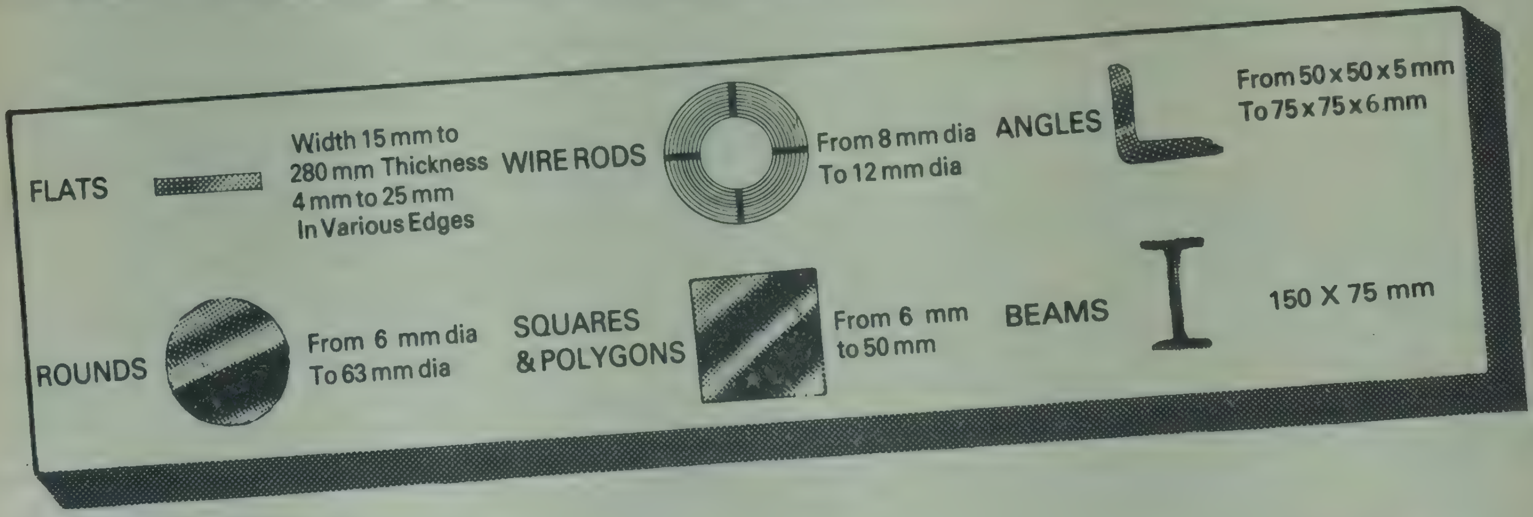
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KIDNEY STONES

Hi-tech pulveriser is here

In the first week of August, the lithotripter, another innovation in the area of medical diagnostics and treatment, came to India. This device, which costs around Rs 1.8 crores, emits extremely powerful, highly localised shock waves which pulverise painful, intruding kidney and ureter stones. The first such machine, installed by Siemens Ltd at the R. G. Stone Clinic & Urological Research Institute in Bombay, is a fine example of the large investments being made nowadays in medicare by the private sector.

The introduction of the lithotripter marks an advancement in medical science, in much the same way the use of local anaesthetics did sometime around the middle of the nineteenth century, before which kidney stones were surgically removed, without the use of anaesthesia. Then, 35 years ago, the Russians discovered that stones in the bladder (though not in the kidneys) could be destroyed through the application of shock waves.

But it was only in 1979 that Dornier, the West German manufacturer of aircraft, developed a lithotripter. In one of those unexpected developments of science, Dornier scientists noticed that aircraft plexiglass panes often shattered when the aircraft crossed the sound barrier, and that this process could be adapted for medical use. Three years later, Siemens AG of West Germany developed its own version of the lithotripter.

Unlike the Dornier model which required a patient to be partially submerged in a water bath through which sound waves sought out the kidney stones and pulverised them, the Siemens model incorporated a flat table under which the shock generators are located. Dornier subsequently (last September) modified its bath tub version to one resembling a table. Both models are reputed to be extremely successful in pulverising stones painlessly, without the patient having to undergo any kind of surgery, in most cases. Today, there are four manufacturers of lithotripters in the world, Dornier, Siemens, Edap of France, and Wolfe of W. Germany.

In the case of the machine introduced in India by Siemens, the stones are first located with the help of X-ray scanners located overhead. The patient is so positioned that the stone comes in the focus of two shock generators located under the body. Once the shock waves are initiated — around 2,000 to 2,500 shocks to crush normal stones having diameters of 1 to 1.5 cm get pulverised and can be passed out by the patient through the normal urinary passage without any damage to his or her system. The shock waves travel through a layer of water within the generator, making the entire 'operation' virtually painless, and without making any incisions. Unlike conventional methods involving surgery, which require the patient to be hospitalised for periods ranging between a week to ten days, lithotripsy allows the patient to leave the medicare centre within 2 to 3 hours.

Says Dr Bhim Sen Bansal, president and medical director of the R. G. Stone Clinic, "This project cost me Rs 2.5 crores in all." Giving up a 15-year medical practice in Delhi, Bansal decided to instal a lithotripter a year and a half ago. The choice of Bombay was obvious — a city where there are people who can afford to pay over Rs 15,000 for the package deal which covers identification and pulverising of the stone followed by post 'operative' care. In fact at the Delhi-based clinic, Noni Noroks Lithotripsy Centre where India's second lithotripter (of Dornier make) has been installed recently, the rates are even higher at around Rs 25,000. Moreover, with patients from the Middle East also coming to Bombay for treatment, Bansal was confident that the project could be financially viable.

Though he won't say how many patients he has treated so far, or for that matter how many cases have been treated at concessional terms, market sources claim that he has already treated about 50 patients in his clinic within the first 20 days of the lithotripter being installed. This, in effect, means that if all the patients were paying patients, the clinic must have already garnered revenues in excess of Rs 7.5 lakhs during this period (also assuming that all patients had normal sized stones).

The Siemens lithotripter at work: painless 'operation'

The aspect of concessions assumes significance because only on this condition are such machines allowed to be imported into India exempt of duty. But it must be remembered that concessional terms need not necessarily result in losses for the medicare centre. The costs are so arranged that the rich subsidise the poor. In Bansal's clinic, therefore, even if one-third the total number of cases were treated free of cost, the operative costs would still be recovered, as the breakeven for such machines is just 2.8 patients a day (though Bansal puts it at over five).

With an estimated 5 to 7 million patients suffering from kidney stones in India every year, such a treatment is bound to be good news for many. This is because, although conventional surgery and post operative care costs only one third the amount lithotripsy costs in India, the time lost in mandays in recuperating, the post operative care and the inconvenience often make (rich) patients opt for lithotripsy. Another crucial factor here is that such an operation could cost Rs 28,000 in the FRG or as much as Rs 95,000 at a good hospital in the US.

Not that all patients escape operation completely. "At least 15 per cent of the patients we've treated in West Germany have had to undergo percutaneous surgery," says Professor and Dr G. Hutschenreiter, head of the department of urological clinics to the Evangelical Hospital at Duisburg/North Oberhausen, West Germany. This is in cases where the stone is likely to block the urinary passages causing toxemia of the blood. "In such cases, the stone needs to be pushed to the side using an endoscope and the patient's condition has to be normalised before the extra-corporeal shock wave lithotripsy (ESWL) is administered." According to him, ESWL has established a success rate of 89 per cent overseas, though after three months, with the recurrence of stones, this rate comes down to around 72 per cent.

All this notwithstanding, it can be expected that lithotripters are certainly going to become popular over the coming years. G. S. Krishnamoorthy general manager, medical engineering division, Siemens Ltd, estimates that by December 1988 there should be at least 10 lithotripters in India. The unfortunate aspect here is that it will be mostly the rich who will benefit from the newly introduced ESWL. This is because no insurance company in India is likely to cover the costs of such treatment, in much the same way as CT scan costs are not fully reimbursed by insurance companies today.

R. N. BHASKAR

Executive Ladder

K. G. VASSAL has been appointed the chief general manager (personnel and administration), UTI.

KAPADIA has taken over as managing director of Lurgi India.

RATNA SAHAI has been appointed marketing director, Tiger Tops Mountain Travel India.

R. JAMBUNATHAN has taken over as director (finance) on the board of SAIL.

P. D. KUTHE has taken over as general manager of the NTPC transmission lines, Western region.

S. CHANDRA has been appointed a non-official director of the National Mineral Development Corporation Ltd.

ROMESH MALHAN has been appointed managing director of The Yamuna Syndicate Ltd.

A. P. ASTHANA has joined B. S. Kohli Synthetics Pvt Ltd as development manager.

B. N. AGARWAL has taken over as national marketing manager of Kanoria Alkalis & Plastics Ltd.

K.V.K. SESHAVATARAM has been appointed director (finance), Hindustan Zinc Ltd.

ASSOCIATIONS

V. K. PADMANABHAN has been elected president, Madras Stock Exchange Ltd.

V. R. JOHARAPURKAR has taken over as chairman, Eastern India Chapter, Chemtech Foundation.

S. S. MUSSADI has been elected president of the All India Oil & Foreign Trade Association for 1987-88.

MAHESH GOENKA has been elected vice president of the Bombay Industries Association.

D. S. MESHRAM has been elected president of the Institute of Town Planners India, for 1987-88.

P. N. SINGH has been elected member on the board of the International Federation of Training and Development Organisations (IFTDO).

B. R. JAIN has been elected chairman of the Madhya Pradesh Chapter of the National Alliance of Young Entrepreneurs (NAYE).

H. R. PRASAD has been elected president of the Indo-American Society, Bombay, for 1987-88.

K. T. KOTHARI has been appointed the executive director (finance), Shipping Corporation of India Ltd.

K. SHIVARAM SHETTY has taken over as executive director, Vijaya Bank, for five years.

GHANSHIAM DAS has taken over as director (finance), National Hydroelectric Power Corporation Ltd.

V.C.V. CHENULU has taken over as member (electrical) and ex-officio secretary to the government of India in the ministry of railways.

BusinessIndia

National
Executive
Appointments

Senior executive positions

A compilation of executive positions advertised in Business India and other major publication from all over India between 17 and 30 August 1987

West

VICE PRES (Fin & secy'l) • Bombay • *Sal* Rs 120,000 + car + prks • *Age* 40 yrs • *Qlfn* CA + CS • *Reqd* 5 yrs in smlr pos + knwlj of tx, co, lbr & othr corp laws • *Resp* Hd fin, acctng, secy'l, lgl funcns; txtn, wrkng cap mngmnt, bnkng, proj assmnt & fndng, fin acctng & contrls, EDP, mngmnt acctng incl bdgtng, cstng, MIS, etc. • *Cont* A.F. Ferguson Associates, PO Box: 1786, Bombay 1 (TOI — 19.8)

CHF EXEC • New Delhi • *Sal* Rs 250,000 (incl car + hsg, etc) • *Age* NS • *Qlfn* NS • *Reqd* Min 5 yrs in smlr pos • *Resp* Premnt & pressng of fbrcs, plnng & xctn of prdn, admn & ovrll sprvsn of fctry • *Cont* The Managing Director, GNA Exports Pvt Ltd, B-52 Okhla Industrial Area, Phase I, New Delhi 20 (TOI—20.8)

VICE PRES (Fin) • Bombay • *Sal* Neg + car + hsg • *Age* 42-52 yrs • *Qlfn* Prfssnl acctng deg/dip • *Reqd* Prvn trck rec of prfrmnce of in lrge dvsnlsnd indus org • Resp Hd fin fncn, oprte fin cntrls, prtcpte in pol frmltn, corp fin plnng, bdgtng, MIS, txtn, top lvl lsn wth bnks & insttns • *Cont* S.B. Billimoria & Co, 113 M G Road, Bombay 23 (TOI—21.8)

GEN MNGR • Pune • *Sal* Neg • *Age* NS • *Qlfn* PG/deg in cmptr sc/elec/electrn engg; spesltn consdrtn to bkgrnd in dta comm/img prcssng • *Reqd* 10 yrs sr mngt xprnce hdlng div of tech stff • Resp Ovrll mngt of hi sftwr tech proj • *Cont* Box No: 7219, C/o The Hindu, Madras 2 (H—25.8)

North

DY GEN MNGR (Engg) • Kota (Raj) • *Sal* Rs 60,000 + car + hsg + prks • *Age* NS • *Qlfn* BE (chem/engg) pref with PG in engg • *Reqd* Min 12 yrs in dsgng/engg for proj wth chem bckgrnd + dsgn xpsre to petro-chem indus essntl • *Resp* Gde & cntrl intgrtd dsgn tm to ensre optmm qlty stndrds in all bsc & dtld engg actvts; coord all tech mttrs wth prcss cllbrtns, clnts & vndrs; mech piping, instrmntn + elec, civil to strctrl jbs • *Cont* Ramapati Singhama, Sarnath, 10th Floor, 59-B Bhulabhai Desai Road, Bombay 26 (TOI—17.8)

GEN MNGR (Mktng srvcs) • New Delhi • *Sal* Attr + prks • *Age* NS • *Qlfn* PG deg/dipl inmngmnt wth spclstn in mktng • *Reqd* 15 yrs in indus mktng, pref to OEM cstmrs • *Resp* MR, new prod intro's and mkt devp; evlve & frmlte rqste plns fr mktng pix tubes at crprte lvl, ident & devp xprt mkts fr sme; drct & ld grp of tech-mktng prfssnls • *Cont* The Managing Director, Samtel Color Ltd, 21 Community Centre, New Friends Colony, New Delhi 65 (TOI—17.8)

GEN MNGR (Mktng — atmtve prods) • New Delhi • *Sal* Rs 72,000 + car + hsg + prks • *Age* NS • *Qlfn* NS • *Reqd* 7 yrs in snr mngrl posin mktng fncn in lrge co, pref wth xprnce of mktng atmtve prods • *Resp* Achve sls trgts, pln pblcty & prmtn, org twn-wse dlrshp ntwrk in hi-ly compttve envrnment, wth sls to OEMs, sttc trnsprt undrtkngs, trde, etc • *Cont* V.S. Gurumani, General Manager, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 19 (TOI — 21.8)

VICE PRES (Cmmrcl) • New Delhi • *Sal* Excllnt + prks • *Age* Ovr 35 yrs • *Qlfn* NS • *Reqd* Shld hvr hdd fin/accnts func of lrg co for at lst 5 yrs; xprncein mngg othr func areas dsrble • *Resp* Ovrll mngmnt of fin, accnts, corp law & txtn, prchse, EDP, etc • *Cont* V.S. Gurumani, General Manager, 209 Meghdoot, 94 Nehru Place, New Delhi 19 (S — 26.8)

GEN MNGR (Cmmrcl) • New Delhi • *Sal* Rs 6,000 pm • *Age* NS • *Qlfn* NS • *Reqd* 10 yrs sccssfl mngmnt xprnce in snr pos in lrge orgn • *Resp* Intgrtd resp for optmstn of sls, incl prod devp, pblcty & prmtn, mntrng of cmpttrs' actvties & optmstn of wrks oprtns • *Cont* Price Waterhouse, B-102 Himalaya House, 23 Kasturba Gandhi Marg, New Delhi 1 (S — 23.8)

PRES (Mrktng) • North India • *Sal* Neg + hsg + prks • *Age* 40 yrs • *Qlfn* MBA pref • *Reqd* Xprtse in all fcts of sls & mrktng grd in cnsmr deble or cnsmr prod or engg orgn • *Resp* Frmltng & implmntng co's mrktng strats, rvvng & strngthng dlr ntwrk, prtclrly atr sls srvce & will hvt to bld strng mrktng orgn wh wll enble the co to achve ambts growth trgts • *Cont* A.F. Ferguson Associates, Hansalaya, Barakhamba Rd, New Delhi 1 (S — 23.8)

GEN MNGR (Mktng) • New Delhi • *Sal* Rs 6,000 pm + hsg + prks • *Age* NS • *Qlfn* NS • *Reqd* 7 yrs exp in sm mngrl pstn in mrktng func of lrg co xprnce in mrtktng automtve prods pref • *Resp* Achvng hgh sls trgts, pln pblcty & prmtn, org twn-wse dlr ntwrk, etc. sls are to OEMs st trnsprt undrtkngs, trde, etc, & cvr cmmrcl vhcls, trctrs & agrcltrl • *Cont* V.S. Gurumani, General Manager, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 19 (BI — 24.8)

South

GEN MNGR (Mrktng) • Madras • *Sal* Attr + hsg + prks • *Age* 35-45 yrs • *Qlfn* Outstndng engg grad, pref with PG in biz mngmnt • *Reqd* 15 yrs exp in sls, srvce, prts & dlr orgn • *Resp* Innvtng & implmntng aggrssve mrktng strat, dng dmnd frcstng/sls bdgtng; devpng prfssnl trrtry stff & mngrl spclsts at corp offce • *Cont* (GMM) Tractors and Farm Equipment Ltd, PO Box: 3302, Madras 34 (BI — 24.8)

Overseas

GENMNGR • West Africa • *Sal* Attr + prks • *Age* 35-50 yrs • *Qlfn* BE/CA/MBA • *Reqd* Xcllnt prfssnl rec, pref wth xprnce in veg oil rfng plnt, min 5 yrs as snr mngr wth full accntblty • *Resp* Oversee oprtns at veg oil rfng/soap plnts • *Cont* Eastern India Services & Marketing Co Ltd, 15 India Exchange Place, Calcutta 1 (TOI — 23.8)

GEN MNGR • Nigeria • *Sal* Attr + hsg + prks • *Age* 40 yrs • *Qlfn* Grad, pref with PG in biz mngmnt • *Reqd* Bckgrnd in steel indus, wth snr mngrl lul xprnce + flair for lsn wth govt agncs • *Resp* The ovrall chrge of a profit centre, mfg & mktng, final bdgtng, etc • *Cont* Metochem Export Pvt Ltd, 12 Sudhakar, Narayan Dhabolkar Road, Malabar Hill, Bombay 26 (TOI — 30.8)

BI = Business India, H = Hindu, HT = Hindustan Times, IE = Indian Express, S = Statesman, TOI = Times of India.

Executive positions

West

MNGR (Mktng) • Indore • *Sal* Cmmnsrte wth qlfn & xprnce • *Age* Max 35 yrs • *Qlfn* BSc, pref with MBA • Reqd 15 yrs in mktng mngmnt in pharma co wth gd trck rec • *Resp* Frmltn of mktng pln and strats + fncng of mktng & sls depts • *Cont* The Managing Director, Earnest Healthcare ltd, Earnest House, Ground Floor, 194 Nariman Point, Bombay 21 (TOI — 17.8)

MNGR (Invstr rltns) • Bombay • *Sal* attr • *Age* 40's • *Qlfn* Snd edctnl qlfn • *Reqd* Sffcnt xprnce in smlr fncn invlvng lrge invstr ppltn, knwlj of mltple Indian lngges essntl • *Resp* Set up, mntr & smthly run effcnt sys to attnd to indvdl invstr qrs & cmplnts, est rglr chnnl of cmmnctn, prsnnlly dl wth lrge vol of cnstrs, non-cnvntl PR cmmnctns incl prsnl mtngs • *Cont* Central Recruitment Cell, Management Services Division, Reliance Industries Ltd, 9th floor, Maker Chambers IV, Nariman Point, Bombay 21 (TOI — 17.8)

MNGR (Proj) • Gujarat • *Sal* Rs 3,597 + prks • *Age* 35 yrs • *Qlfn* Frst clss deg in mech/ele/chem/dry engg • *Reqd* 10 yrs exp in xctn of proj, pref to exp in exctn of dry proj, oil mills + refrgrtn plnts • *Resp* NS • *Cont* Proj Mngr, Indian Dairy Machinery Co, C-1/11-12, GIDC, Vithal Udyagnagar 21 (HT — 18.8)

MNGR (Prod) • Bombay • *Sal* Attr • *Age* NS • *Qlfn* BE/elec/electrnc) wth gd knowldge of mcroprcssr tchnlgy • *Reqd* Min 5 yrs exp in sls/cstmn spprt funcs in the cmptr/indstrl prvd envrnmnt • *Resp* Prvde techno-cmmrcl spprt to all rgns on sls of lrg EPABX systems • *Cont* The Manager (Personnel); Blue Star Ltd, 414/2 Veer Savarkar Marg, Prabhadevi, Bombay 25 (BI — 24.8)

North

MNGR (maint — elec) • New Delhi • *Sal* Neg • *Age* 35-40 yrs • *Qlfn* BE (elec) • *Reqd* 10-15 yrs in indus, 3-5 yrs in smlr cpcty, xprnce of erctn, oprtn, maint of HR/LT instltn, AC-DC drvs, EOT crns, HF wldng hds, DG sts, etc; pref wth knwldge of elctrnc ablty in plnng + schdlng of reg & prvn elec maint wrk • *Resp* NS • *Cont* Human Resources Consultants, B-21 Nizamuddin West, Delhi 13 (HT — 26.8)

MNGR (Proj) • near Delhi • *Sal* Xcllnt • *Age* 40 yrs • *Qlfn* Glss tchnlgst • *Reqd* prfssnl qlfn & 10 yrs hnds-on rel xprnce, incl sttng up smlr proj • *Resp* Ttlly resp fr proj & slctn, instlltn & cmmssng of plnt & eqpmnt for glss prod proj bug pt up with tchncl asstnce frm ldng Erpn cntry; sbsqntly, hd of wrks; key rslt areas are co-ord wth frgn cllbrtn trnsfr & implmnts of tchnlgy & intractn wth govt, lel bdies & fin instns • *Cont* V.S. Gurumani, General Manager, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 19 (BI — 24.8)

East

MNGR • East India • *Sal* Attr + prks • *Age* NS • *Qlfn* BE (mech) frm rcgnsd instte • *Reqd* 10 yrs exp in dsgn of dies & tls fr prscn clsd die frgng rel to prsses, upsttrs, etc; addtnl xprnce in cst estmtn of frgngs & manuf of fngng dies dsrbl • *Resp* NS • *Cont* The General Manager (HRD), Hindustan Motors Ltd, Birla Bldg, 9/1 R.N. Mukherjee Road, Calcutta 1 (S — 23.8)

MNGR (Wrks) • Cal • *Sal* attr + hsg + prks • *Age* 37-42 yrs • *Qlfn* BE (elctrncs) • *Reqd* Ovr 10 yrs xprnce in all aspcts of prdn in elctrncs co; knwlj of ltst devps in elctrncs indstry • *Resp* All mfg oprtns, IR & othr wrks-rltd cmmrcl funcs sch as dsptch & excse • *Cont* The General Manager, Webel Nicco Electronics Ltd, P-1 Taratulla Rd, Calcutta 88 (BI — 24.8)

MNGR (Proj) • W Bengal • *Sal* Neg + prks • *Age* 35-45 yrs • *Qlfn* Tech deg/dipl • *Reqd* 5 yrs exp in al extrsn plnt, ablty to st up plnt; techno-commrcl bkgrd with xprnce of eval of proj rep, sel of plnt + mach • *Resp* NS • *Cont* Box No: 404680, Hindustan Times, Delhi 1 (HT — 25.8)

MNGR (Wrks) • Calcutta • *Sal* Cmmnsrte with xprnce • *Age* 35 yrs • *Qlfn* BE (elctrnc/chem), pref wth PG dipl in mngmnt • *Reqd* min 7 yrs in industry • *Resp* NS • *Cont* The Director, Saraogi Electro-Circuits (Pvt) Ltd, 53A Mirza Ghalib Street, Calcutta 16 (S — 26.8)

MNGR (Admn) • Calcutta • *Sal* Rs 70,000 pa + prks • *Age* NS • *Qlfn* MBA/CA/ICWA/MCom • *Reqd* 5-7 yrs smlr xprnce • *Resp* All aspcts of admn, invlvng coord, IR, lgl mttrs, offce admn, fin & accnts, cmmrcl txes, etc • *Cont* Deepak Rao, Consultants, ABC Consultants, 43/3 Hazra Rd, Calcutta 19 (S — 26.8)

MNGR (Rgnl) • Calcutta • *Sal* Rs 60,000 pa • *Age* 35 yrs • *Qlfn* MBA frm rptd instte • *Reqd* 5-6 yrs xprnce in indstrl mrktng • *Resp* Re-orgng exstng brnch oprtns, devpng implmntng dtld plns of actn fr incrsng co's sls & mrkt shre • *Cont* SIP Resins Ltd, 116 Dr Radhakrishnan Salai, Madras 4 (S — 26.8)

MNGR (Proj) • Bhadrak (Orissa) • *Sal* Neg + hsg + prks • *Age* NS • Qlfn Deg in mining engg • *Reqd* 10 yrs exp in undrgrnd mining — 3 in snr pos • *Resp* Shld undrke proj plnng, exctn mon cntrct finlstn for shft snkng, eqpng + prcrng undrgrnd mach • *Cont* The Chief Executive (Mines), Ferro Alloys Corpn Ltd, Laxmi Bhawan, Kuans, Bhadrak 756100, Dist Balasore, Orissa (HT — 27.8)

South

MNGR (Prdn) • Bangalore • *Sal* Attr + prks • *Age* 35 yrs • *Qlfn* Grad in sc/arts/engg, dip in prntng tech • Reqd 5-7 yrs exp in prdcng newsprs; cnvrsnl in areas like photocmpsng offst prntng, pltemkng etc, exp of hndlg prodn lbr, admn • *Resp* Indpdnt chrg of prdcng newsprs on tm • *Cont* Box No BA-4370, c/o The Hindu, Bangalore (H — 18.8)

MNGR (Prdn) • Hyderabad • *Sal* Attr • *Age* NS • *Qlfn* Chmstry grad • *Reqd* 7-8 yrs xp in mfg of PVC fm lthr clth; 4 yrs as prdn-in-chrg • *Resp* Prodn func of unt • *Cont* The Managing Director Deccan Foam Plastics Ltd, 50/1 SBI Colony, New Bakaram, Hyderabad 80 (H — 19.8)

MNGR (Fctry) • Raichur, Karnataka • *Sal* NS • *Age* NS • *Qlfn* Grad • *Reqd* 10 yrs exp as mngr, knwlj of lbr laws, Fctry's Act, PF, ESI, admn; flncy in Kannada essntl • *Resp* NS • *Cont* Faruk Anvar Co, PO Box: 1, Raichur 1 (H — 20.8)

MNGR (prod devp) • Madras • *Sal* Rs 60,000 pa • *Age* NS • *Qlfn* Deg in cvl or strctrl engg; thse fmlr wth the applctn of expxy rs & othr plymrs in cvl engg fld pref • *Reqd* 5-6 yrs exp in constrctn fld (brdgs, dms or irrgtn) • Resp Devpng a mrkt fr expxy systms in the fld of wl engg by lsng wth cnsltnts, archtcts & cntrctrs, ldng & mtvtng tm of sls offcr's in vrs prts of cntry; also orgnsng smnrs, devepng prod ltrtre + tchncl butns, ovrll prftblty & grwth • *Cont* Administrative Managar, SIP Resins Ltd, 116 Dr Radhakrishnan Salai, Madras 4 (BI — 24.8)

SR MNGR (Prodn) • Ghaziabad dist • *Sal* Neg • *Age* NS • *Qlfn* BE (mech) • *Reqd* 10-12 yrs rltd exp, 3 yrs in sr pos; xpsre to mod auto plnt, fmlr wth mod prodn tech • *Resp* Prodn, st trgts for prodn + qlty, optmsl utlstn of rsrcs • *Cont* The Senior Manager (Personnel), Escorts Ltd, Yamaha Motorcycle Division, A-3, Surajpur, Industrial Area, Dist Ghaziabad, UP (HT — 24.8)

MNGR (Wrks) • Madras • *Sal* Neg + prks • *Age* NS • *Qlfn* BE (mech) • *Reqd* 10 yrs exp in rep prcsn engg orgnstn, xprnce of ldng soph mach shp • *Resp* Plnng + achvng prodn trgts + ensr QC; dscplnl + IR • *Cont* Trust Management Services, Krupa 50/7, Palace Road, Bangalore 52 (H — 27.8)

Overseas

MNGR (Plntn) • Kenya • *Sal* Attr + hsg + prks • *Age* 30 yrs • *Qlfn* Grad in agri • *Reqd* 10 yrs on frm exp, 5 yrs in snr pos, on lrg-scl comm plntn est, cnvrsnt with drylnd crps + agri prctcs. Indpdntly crry out progs + day-day mngt • *Resp* Efctv sprvsn of 1,200 hec plntn greenhsng + intr crppng for indus oilsd plntatn proj • *Cont* IPS (K) Ltd, c/o Ace Associates, G-15, Everest, Tardeo Road, Bombay (H — 25.8)

Appointments

For those who must lead

PRESIDENT

SPECIALITY CHEMICAL PROJECT — Madras

PRESIDENT – MEK PROJECT

An opportunity to work in a leading business house, RPG Enterprises, with activities spanning a vast, diversified area.

At the helm
... of a new, Rs. 20 crore speciality chemical company, being set up in Tamil Nadu in collaboration with EDELEANU, a subsidiary of TEXACO (Deutsch), to produce Methyl Ethyl Ketone in the first phase. The Company has plans in the immediate future, to manufacture other allied speciality chemicals, for which it holds necessary Government sanctions.

Sole Command
... over a team of senior executives, responsible for project implementation and subsequently its profitable operation, expansion and diversification activities.

Your Qualities
... ability to manage people coupled with a high degree of technical competence. Graduation in Chemical Engineering, preferably with Postgraduation in Management. Around 40 years of age, with a proven record of managerial excellence. Write within 10 days, superscribing the envelope 'PRESIDENT', to:

CEAT

CHAIRMAN—RPG Enterprises
CEAT Mahal,
Dr. Annie Besant Road, Bombay 400 025.

ULKA-R-87

AMFORGE INDUSTRIES LTD.

V. P. FINANCE

BOMBAY **OVER Rs. 3 LAKHS**

THE GROUP:

Amforge Industries is part of the Hakimrai Jaichand Group. The main business of the group is in the forging industry and has an annual turnover of approximately Rs. 65 crores. The group consists of several manufacturing units of which Amforge and its newly promoted project Trú Wheels, are public quoted companies. Further diversification activities are under active consideration.

THE COMPANY:

Amforge the flagship of the group, went public in 1986. The turnover for the year ended 31st March 1987 was Rs. 26.3 crores, and gross profit Rs. 3.12 crores. At present the company has no long term loans and a net worth of Rs. 14.3 crores (assets have never been revalued). Technological upgradation continues to be of prime importance to the company which believes in investing in the future. A Rs. 15 crore expansion project is currently under implementation.

THE JOB:

The V. P. Finance will report to the Board and will aspire to be promoted to the Board. He will be responsible for the financial well being of all the companies in the group and have the heads of Finance, Accounting, Costing, Management Accounting and Taxation departments reporting to him. System development is high on the list of the things to do.

Finance related activities for the expansion project currently in progress and for future diversification plans will come under his purview.

THE PERSON:

He will be a qualified accountant and/or MBA in finance with at least 10 years relevant experience in well managed organisations, preferably in the engineering industry. Experience in the areas of project financing and systems development would be to his advantage.

If you are interested in this position please send your bio-data in strict confidence to:

MAHAJAN & ENGINEER
704, Raheja Centre,
Nariman Point,
Bombay 400 021.

Giving full details of age, qualifications, experience and salaries drawn. All correspondence should be marked VPF/58.

Appointments

VICE PRESIDENT FINANCE

BOMBAY **MS1083**

A well-known company with a turnover exceeding Rs. 200 crores wishes to recruit an outstanding professional to head the finance and accounting function at its corporate office. The company has a divisionalised, multi-plant structure with ambitious plans for growth in high technology areas.

As the head of the finance function, the Vice President Finance will be vested with the responsibility of operating sound financial controls and participating in corporate policy formulation. He will also be responsible for corporate financial planning, budgeting, MIS, taxation and top level liaison with banks and institutions.

Applicants must be in the 45-52 years age group with a professional accounting qualification and with a proven record of performance preferably in a large divisionalised industrial organisation. This is a senior management position requiring considerable accounting, inter-personal and management skills.

Remuneration is not a limiting factor. Perquisites will include a company flat and a car with driver.

Please apply within 10 days to:

S.B. Billimoria & Co.
113 Mahatma Gandhi Road
Bombay 400 023

superscribing MS-1083 on the envelope and resume. Applications will be treated in strict confidence and the identity of applicants will not be disclosed to the client without prior permission.

CHAITRA-B SBB 40

GENERAL MANAGER

(REAL ESTATE DEVELOPMENT)

A large and well known company which is part of one of the largest industrial houses in India and which has an annual sales turnover of around Rs. 200 crores wishes to appoint a head for its newly started real estate division. Major activities of this division would relate to development of property into residential cum commercial complexes.

The person selected for this position would be based at either Bombay or Delhi with total accountability for the division's profitability and growth. As such he would be responsible for project formulation, acquisition of land/properties, construction of complexes and marketing of the property.

Applicants should be architects/civil engineers with around 10 years post qualification experience. Exposure to having developed similar projects in metro towns, in-depth knowledge of the requirements of relevant authorities and the ability to conceive, plan and formulate viable projects is essential.

The compensation package envisaged is entirely negotiable and would include all perquisites that go with top management positions.

Please apply in strict confidence within ten days giving details of age, qualifications, salary drawn to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi-110001

Applications and envelopes should be marked **'Ref MS/4591'.**

GENERAL MANAGER

INDUSTRIAL FABRICS

BOMBAY **EXCELLENT TERMS**

The Company: A reputed progressive group with annual sales in excess of Rs. 800 million and employee strength of 4000, which has recently diversified into manufacture and marketing of speciality industrial fabrics. The group has a proven record of growth and profitability and is known for its professional work culture.

The Job: The selected person will have total responsibility for managing the Industrial Fabrics Division which is regarded as a high growth area. He would be expected to exploit the Company's inherent potential through aggressive marketing and product development backed by excellent technical/customer services.

The Man: Ideal candidates are expected to be Senior Textile Technologists with minimum 10 years relevant experience. They must have proven strength in one or more of the following activities, viz. product development, technical services, marketing of industrial fabrics. This is a unique enterpreneurial opportunity for individuals with a high degree of technical competence in the field and ability to recognise and aggressively pursue business opportunities. Preferred age group: 35 to 45 years. However, for a person with outstanding track record in the field of industrial fabrics, educational, age and other requirements would be no bar.

The Compensation: An attractive remuneration package including housing, car, etc. will be negotiated with the right candidate.

Apply in strict confidence within 15 days, quoting Reference No. CMP/B-752 and mentioning contact telephone number to:

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

GENERAL MANAGER
PROJECT MANAGERS

A large company, for its diversification programme, needs a General Manager and Project Managers to look after its High Technology Software operations.

GENERAL MANAGER :

This position entails full responsibility for the overall management of this project including product development, finance and administration. Minimum qualifications required for this position are :

a) Master's or Doctoral degree in Computer Science and/or Electrical/Electronics Engineering,
b) At least 10 years of senior management experience heading a division of technical staff.

Academic qualification requirements may be relaxed in the case of a candidate with exceptional management experience.

PROJECT MANAGERS :

Each position entails full responsibility for the development of a software product including specifications, coding, documentation and testing to be performed by a team of software engineers. Minimum qualifications required for these positions are :

a) Master's or Doctoral degree in Computer Science and/or Electrical/Electronics Engineering,
b) Proven experience of software development under UNIX or equivalent operating system,
c) Successful track record of project management.

Special consideration will be given to applicants with background in Data Communications and/or Image Processing.

Both the positions are likely to be based in Pune and offer generous remuneration packages including excellent retirement benefits. Strong verbal and written communication skills are required and the jobs include travel to the U.S.A. for business and project co-ordination.

Please apply within 15 days, giving details of qualifications, experience, age, salary drawn and expected with a recent passport size photograph, with the name of the post superscribed on the envelope, to :

Box No. AA/248/LB/4, **Business India**, Wadia Building, 17/19 Dalal Street, Fort,
Bombay-400 001.

87-377

A leading and rapidly expanding industrial group having an annual turnover of over Rs.1000 crores and interests in diverse areas of business activity, requires young, dynamic and result-oriented persons for one of its companies.

Primarily engaged in the manufacture and marketing of consumer electronic products, the company has recently entered into the Office Automation Industry and is now gearing up to a rapid consolidation and expansion programme which includes upgrading technology in its current product lines and introduction of a range of new products. By the end of th next financial year the turnover will have trebled to Rs.45 crores.

OFFICE AUTOMATION DIVISION

This Division is currently marketing Automatic Plain Paper Copiers. A collaboratio agreement has been concluded with a well known and leading international company for t manufacture of copiers in India. Production is to commence in January 1988. Negotiations are in progress for technical collaboration in the manufacture of other Office Automation products as well.

GENERAL MANAGER

(OAD.01)
Bombay.

Excellent Salary and Perks
Age: Around 40 years.

The Job: The General Manager will assume total operational responsibility for The Office Automation Division. The incumbent will formulate plans and strategies for achieving short term and long term profitability of the Division in this highly competitive and fast growing industry. He must function independently, have excellent co-ordination skills, an innovative approach to work, good contacts in the corporate sector and government, excellent negotiation skills, and the ability to lead a tea professional managers. He will rep directly to the President.

The Person: Candidates likely to meet the requirements of this posi should have a technical backgrou and/or an MBA degree, and at lea 3 yrs. experience at the General Manager level.

REGIONAL SALES MANAGER

(OAD.02)
Bombay (OAD.021)
Delhi (OAD.022)
Calcutta (OAD.023)

Salary: Rs.72,000 plus,p.a.
Age: Below 35 years.

The Job: The Regional Sales Manager will be directly responsible for achieving sales targets and ensuring that high standards of after sales service are maintained and improved upon. He will be accountable for the overall profitability of the Region and have a team of sales personnel, service engineers and accounts staff reporting to them. Regional Sales Managers will be based at the locations indicated above. They will report to the General Manager, Marketing.

The Person: Candidates should b graduates, Post Graduate qualifications in Marketing and Business Administration will b preferred. Eight years selling experience with at least two years Branch Administration and Sales i the Office Automation Industry are essential. Ability to effectively negotiate with senior level person and knowledge of government regulations are necessary. Excelle co-ordination skills and leadership qualities are a must.

CONSUMER ELECTRONICS DIVISION

Currently involved in the manufacture and marketing of a range of radio and audio products, black and white and colour T.V.s, the company plans to upgrade the technology of these products and introduce the latest in audio, video and related entertainment products with foreign collaboration.

ANAGER ECHNICAL ERVICES

ED.01)
ombay
alary: Rs.72,000 plus p.a.
ge: Under 35 years.

The Job: Technical trouble shooting, field testing of products, documentation and training of technical staff. The incumbent will report to the Marketing Manager.

The Person: Candidates must have a first class degree in electronics/engineering with minimum 8 years technical experience in the electronics industry. Excellent oral and written communication skills are a must, as also the ability to effectively liaison with the Production, Quality Control, R & D departments within the organisation and with distributors/dealers outside the organisation.

RODUCTION ANAGER

ED.02)
adio & Audio Products
ombay.
alary: Rs.60,000 plus, p.a.
ge: Under 40 years.

The Job: Involves taking responsibility for meeting manufacturing targets and all activities relating to assembly operation. Direct accountability to Factory Manager.

The Person: 10 years experience in the sphere of consumer electronics manufacture is essential. Candidates must have wide exposure to manufacturing and quality control techniques. A degree or diploma in electrical or electronic engineering will be essential. A degree in management will be an added benefit.

ANAGER UALITY CONTROL

ED.03)
ombay
alary: Rs.60,000 plus, p.a.
ge: Under 40 years.

The Job: To ensure that every product that leaves the assembly line meets the stringent quality demands laid down by the company. To define standards of quality control and co-ordinate between the production and purchase departments, to ensure that goods purchased meet the norms of quality control previously specified. Direct accountability to the General Manager.

The Person: A degree in electronics engineering or a diploma in SQC and management are essential. 10 years in the consumer electronics field and at least 2 years at a supervisory level in a quality control department of the industry are necessary.

RODUCT ANAGERS

ED.04)
adio & Audio Products
ED.041)
deo's & T.V.'s
ED.042)
ombay.
alary: Rs.60,000 p.a.
ge: Below 35 years.

The Job: To define and develop marketing strategies. Control and monitor advertising and promotional budgets, liaison with the sales departments, the advertising agency and the research agency.

The Person: Candidates should be MBA's with at least 4 years experience in consumer product marketing. Preference will be given to candidates having an engineering background. Excellent grasp of media planning techniques and market research are necessary. Direct selling experience will be an added benefit. The incumbent will report to the Marketing Manager.

Candidates may send in their bio-data specifying present and expected salary, educational & professional qualifications, experience, languages known and a passport size photograph, within 10 days, marking the envelope with post applied for and name of city to:
Box No AA/248/LM/6, **Business India, Wadia Building, 17/19 Dalal Street, Bombay 400 001.**

The Lakshmi Vilas Bank Ltd

(A scheduled Commercial Bank), Regd. office: KARUR 639 001

RECRUITMENT OF SENIOR PERSONNEL:

We are a well established scheduled commercial Bank in the Private Sector, seeking applications from dynamic result oriented personnel for recruitment as Senior Executives for the following posts at our Administrative Office, KARUR (TAMIL NADU)

DEPUTY GENERAL MANAGERS — No. of Posts 2 (two)

We require the services of dynamic, result-oriented persons who have put in Maximum experience of 15 years out of which 5-7 years at a Senior level and have been exposed to and experienced in fields of Advances, Recovery, Planning and Personnel in Banking Industry. The compensation package will be in the Scale of Pay of Rs 3,100-120-3,700 with D.A. at 58.5% subject to a maximum of Rs.1,650/- with other perquisites like P.F., H.R.A., Medical aid, L.F.C etc., Age: Under 50 years.

ASSISTANT GENERAL MANAGERS — No of Posts 3 (three)

We are looking for persons who have had 3-5 years experience at a Senior level out of a minimum of 10 years service in the Banking Industry. They shall be dynamic, with proven track record and under 50 years of age. The pay packet will be in the Scale of Pay of Rs.2,950-110-3,500 with D.A. at 58.5 % subject to a maximum of Rs 1,650/- with other perquisites like P.F., H.R.A, Medical Aid, L.F.C. etc.

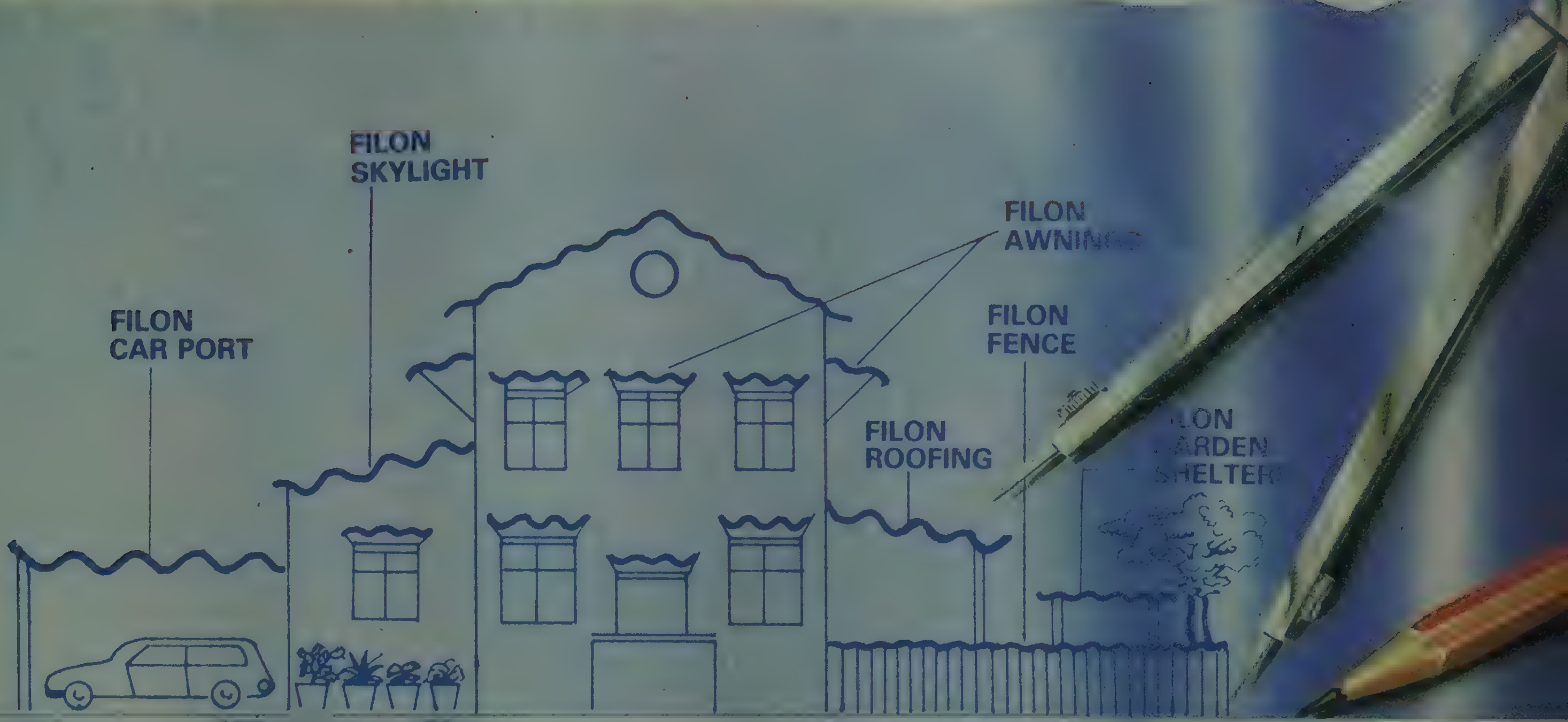
Candidates should apply in strict confidence, alongwith passport size photograph and bio-data in a cover superscribed "Applications for the post of Deputy General Manager/Assistant General Manager" addressed to:

The Chairman
The Lakshmi Vilas Bank Ltd
Personnel Department
15/1 5th Cross Street
Sengunthapuram
KARUR 639 001
TAMIL NADU

so as to reach us within 15 days.

In view of the limited vacancies, the Bank reserves the right to call selected candidates only for interview.

NOW, architects and designers have the aesthetic versatile option.



FILON

REINFORCED FIBREGLASS PANELS

the light-weight, translucent, shatter-proof building material.

Filon... Collaboration with the world leaders.

Filon. Manufactured by S&S Bushings Ltd. in collaboration with the world leaders in FRP sheets, Sohio Chemical Company, U.S.A. The continuous automated process and patented chemistry gives Filon unique characteristics like high strength, light weight and aesthetic appeal.

The Filon advantages

Weather - proof

Being corrosion resistant and colour stable, it has successfully faced weather extremes.

Translucent

The light transmission ranges from 0% to 85%. This lets in the desired diffused natural light while screening out harmful ultra-violet rays.

Aesthetics

Filon panels come in a range of colours, to give you a construction material that looks as good as it is strong and shatter-proof.

Wide range

Filon is available in varied profiles compatible with conventional building materials like G I, Aluminium Sheets, Asbestos, etc. and a unique profile — Cool Rib.

Filon application versatility

Filon is excellent for indoor stadia, factory sheds, green houses, fences, window awnings, false ceilings, car ports, porticos, skylights. The list is endless. Even now, designers and architects are discovering new areas for Filon — the wonder material that makes for economy, durability and elegance.

For more information, write to:

S&S Bushings Ltd.

(FILON Division)

Marketing Office:
64/1, 2nd Main Road, Jayamahal Extension,
Bangalore-560 046.

☐ Tel: 575354. ☐ Telex: 0845-8716

FILON

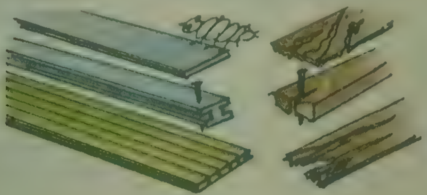
Build the way the world builds.

Sintex
PLASTIC
SECTIONS

Why Sintex PLASTIC SECTIONS are relevant to our country?

Continued deforestation has brought us on the verge of ecological disaster. Now Sintex Plastic Sections offer you wonderful alternative to the wood based products.

Manufactured from special compounds of PVC, Sintex Sections are available in foamed and unfoamed constructions. They are termite-proof, fungus-proof and maintenance-free. Won't split, chip, crack, warp or rot. Are very durable, elegant and self-extinguishing.



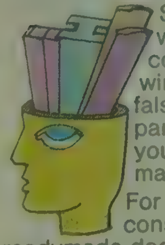
What are the special features of Sintex Plastic Sections?

Plastic Sections are convenient and easy to install/assemble. Can be easily cut, drilled or worked with. Have high thermal insulation and acoustic properties. Need no maintenance or painting. Have excellent weatherability and atmosphere resistance.

How Sintex Plastic Sections are profitable to you.

They save labour and time. Are versatile and can be used for many applications. Are more economical than wood & aluminium panels, boards and sections. Need no maintenance.

What are the products that can be generally made from Sintex Plastic Sections?

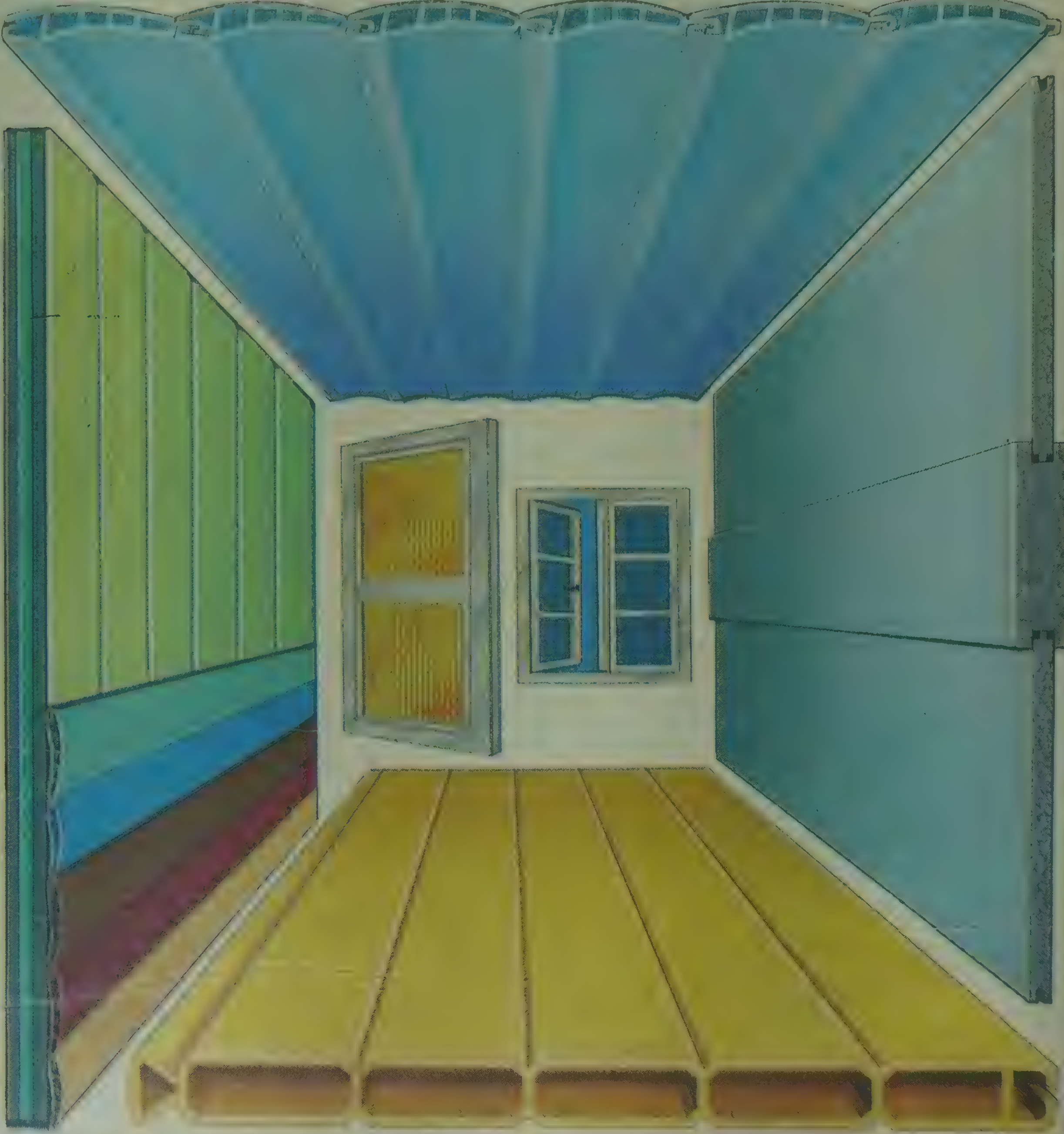


Sintex Sections are wonderful for conversion into doors, windows, partitions, false ceilings, wall panelling etc. Besides you can think up a lot many applications.

For standardisation in construction industry, readymade doors and windows in standard and special sizes are already available. The erection of partitions, cabins, false ceilings etc. can be undertaken through approved dealers/decorators if needed.

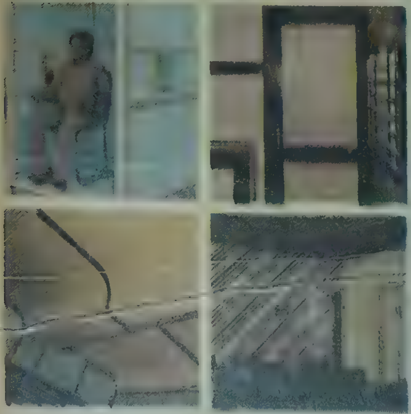
For further information contact
SINTER PLAST CONTAINERS
Plastics Division: **The Bharat Vijay Mills Ltd.,**
KALOL (N. GUJARAT) 382721
Phone: (02764) 2228, 2274, 2352, 3144, 3145.
Gram: "SINTEX". Telex: 0121-296 BVM IN

A revolutionary new concept in decor and construction right in today's perspective



Sintex
PLASTIC
SECTIONS

From the makers of World's largest selling Sintex Water Tanks



OFFICES AT • AHMEDABAD • BARODA • BOMBAY • BHOPAL • CALCUTTA • NEW DELHI • HYDERABAD • JAIPUR • MADRAS

bajaj electricals limited

Requires

DYNAMIC MARKETING PROFESSIONALS

For its Ambitious Growth Plans

We are a large Consumer durables Marketing Company with a number of popular and successful brands in a highly competitive industry. We are a part of the Bajaj Group of Companies, with a sales turnover of 82 Crores last year. We wish to recruit experienced and dynamic marketing professionals who would actively contribute to the Company's ambitious growth plans of doubling its turnover in the next 3 years.

These are senior level marketing assignments with good growth prospects at general management level with profit centre responsibility.

Marketing Manager (LIGHTING)

The incumbent should have a proven record of success in the marketing of consumer durables, employing a full range of marketing skills, and with experience and knowledge of national sales and distribution. He will be required to formulate marketing plans, develop strategies, locate sources of supply for Lighting Fittings, introduce new products, collect market intelligence, lay down pricing norms, plan Publicity and Promotions, formulate volume and profit budgets. He should be innovative, with conceptual and analytical skills, and above all, a self starter.

The incumbent will report to the GM of the Lighting Division. He will be around 37 years of age with about 10 years of marketing experience in the Lighting industry. MBA qualification from a good institution would be an added advantage.

Marketing Manager (ROTARY)

The incumbent should have a proven record of success in the marketing of Ceiling Fans, Table Fans, Exhaust Fans, Pedestal Fans, or similar consumer durable products, employing a full range of marketing skills and with experience and knowledge of national sales and distribution. He will be required to formulate marketing plans, develop strategies, collect market intelligence, lay down pricing norms, plan Publicity and Promotion, formulate volume and sales budgets.

The incumbent will report to the AGM of the Rotary Division. He will be around 35 years of age with about 7 years of marketing experience. MBA qualification from a good institution would be an added advantage.

The compensation package is attractive and will not be a constraint for the right candidate. Please apply in confidence, within 10 days to:

GENERAL MANAGER (P&A)
BAJAJ ELECTRICALS LIMITED
45/47 VEER NARIMAN ROAD, BOMBAY-400 023

Our client is an Indian subsidiary of a foreign company who are world leaders in the field of automotive research, medical electronics and process control instrumentation with a worldwide annual turnover of around Rs. 150 crores. It currently markets hi-tech electronic instrumentation and wishes to market state of the art medical electronic equipment in India. To manage the substantial anticipated growth in demand for its products, the company is looking for the following personnel who would be provided in depth product knowledge and training abroad.

MARKETING MANAGER

NEW DELHI **Attractive salary**

Reporting to the Managing Director, the incumbent will look after all marketing, sales and service activities for the medical electronic products. He will be responsible for the formulation of marketing strategy, preparation/achievement of sales budgets, motivation of sales team and efficient after sales service to its customers.

The candidate should be an engineer with post graduate qualifications in management and having at least 5-7 years of relevant experience. Experience in marketing of medical electronic products will be an advantage.

SALES & SERVICE ENGINEERS

DELHI/BOMBAY/MADRAS **Attractive salary**

Reporting to the Marketing Manager the incumbents would look after all sales and service related activities in their respective regions. The candidates should be electronic engineers with 1/2 years of experience in selling/servicing of electronic equipment.

The company offers excellent growth opportunities, challenge and attractive remuneration package.

Please apply in strict confidence giving details of age, qualifications, experience and salary drawn, within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

Applications and envelopes must be marked MS/4592 for Marketing Manager and MS/4593 for Sales & Service Engineers positions respectively.

Appointments

MARKETING OPPORTUNITIES CAD-CAM DIVISION

LEADERSHIP
BUILT ON TRUST

HCL LIMITED over the last decade, has emerged as the largest and most successful enterprise addressing the field of **Information Technology.**

In pursuit of our expansion plans in the fields of our strength, we entered the CAD-CAM market place in 1986 with a tie-up offering APOLLO computers and state-of-the-art application software packages from world leaders.

APOLLO COMPUTER Inc., U.S.A., designs, manufactures, markets and services computer systems primarily used in engineering,scientific and other technical applications. APOLLO'S "DOMAIN" processing systems consist of dedicated 32-bit general-purpose computers connected in a high speed local area network,which provides transparent access to data, resources and programs through a network-wide virtual-memory operating-system. APOLLO systems currently are used in applications such as Computer Aided Design (CAD), Computer Aided Engineering (CAE) and Software Engineering (CASE), Computer Science Research, and Engineering and Scientific problem-solving.

With our satisfying experience in this market segment, we plan to manufacture APOLLO work stations indigenously. We invite proven marketing professionals to join our ambitious plans.

REGIONAL MANAGER

Bombay/Hyderabad/Calcutta/Delhi

Attractive Compensation + Leased Accommodation + Furnishing/ Subsidized Company Car Scheme

You would be heading the activities of CAD-CAM Division for your Region, and would be responsible for effectively marketing our products and achieving highly demanding sales and collection goals. The Division operates under the profit centre concept, and you should achieve divisional objectives, leading a team of highly motivated and performing Managers/Front Line Executives who are professionals in their own rights.

To fit the bill you should preferably be an Engineer with 10/12 years of experience in Marketing/Direct Industrial Selling, with a minimum of three years of man-management experience.

PRODUCT MANAGER

- Delhi-

Attractive Compensation + Leased Accommodation + Furnishing/ Subsidized Company Car Scheme

The job involves identification, sourcing, market planning, and sales promotion, of a full range of workstation and PC-based hardware, application software, and special peripheral products. The products would be marketed for CAD/CAM/CAE applications, as well as in special niche markets like steel manufacturing,mining, image processing, etc. Assisting you would be a team of Asstt. Product Managers handling different product-market areas.

You should be an Engineer, preferably also an MBA, with 10-12 years' experience in Technical Sales/Project Sales/Technical Product Management. Experience of CAD-CAM products, and an ability to create communication programmes would be desirable. Thoroughness of product know-how, an aptitude for technical updation, and the ability to position and market new products would be essential.

SALES EXECUTIVE

- All Locations -

Attractive Compensation + Handsome Incentives

Applicants should necessarily be Engineering Graduates with minimum 2 years' experience in direct selling activity involving engineering work station/computer and higher-end electronic instruments. The position calls for a high degree of initiative, imagination, persuasiveness, and assertiveness, with excellent communication skills.

If you are interested in being associated with a fast growing organisation, please send your resume indicating qualifications, quality of experience, present salary details, and locational preference, clearly mentioning the position applied for, to:

Deputy General Manager (Personnel)

HCL Limited
Bajaj House, 5th Floor 97 Nehru Place New Delhi-110019.

If you wish to talk to us for further details, please ring us at 6444295 (New Delhi).

HCL
LIMITED

Superflame

A household name for two decades and today a multi-crore, multi-technology Group, Superflame stands poised for substantial diversification in the field of electrical and electronic household appliances. We now wish to appoint outstanding professionals in the following positions at our branch offices in all major cities.

BRANCH MANAGERS:

We are looking for dynamic and experienced professionals for our Branch Offices. Candidates should have a minimum of 5 to 7 years' experience in sales, preferably in the electrical/electronic appliances industry.

The key responsibility would be to provide leadership to a team of Sales Officers, supervise and expand the dealer network, ensure high quality after-sales-services and look after branch administration.

SALES OFFICERS:

Candidates should be graduates with at least 5 to 7 years of sales experience in the electrical/electronic consumer durable industry. They should be fluent in English, possess good communication skills, and have a flair for selling.

The Company offers a congenial work environment, and an attractive package of salary and perquisites, commensurate with potential capabilities.

Please apply with a resume within 10 days to:

The Personnel Manager,
Super Parts Pvt. Ltd.,
38, Zamrudpur Community Centre,
New Delhi 110048

Appointments

MANAGERIAL OPPORTUNITIES FOR TOP FLIGHT ACCOUNTS/MATERIALS/IMPORTS PROFESSIONALS

ATTRACTIVE COMPENSATION

LEADERSHIP BUILT ON TRUST

HCL LIMITED, over the last decade, has emerged as the largest enterprise addressing the field of **Information Technology**. We wish to strengthen our internal support functions to meet our ambitious growth plans.

ACCOUNTS MANAGERS — DELHI/DEHRADUN

The incumbent will be responsible for the complete accounting functions in the areas of Budgeting, Cost Control, MIS, Corporate Tax Planning and Sales/Finance/Purchase Accounting. We are looking for a CA/M.Com. with 10/12 years of experience in a professionally managed organisation. Vacancies exist in our CAD-CAM/Computers/Reprographics/Communications Divisions. Personnel with 5/8 years of experience can be considered for Assistant Managers/Dy. Managers slots available at Delhi, Nagpur, Lucknow, Bombay, Calcutta, Madras and Bangalore.

MATERIALS MANAGER — DELHI

The incumbent would be heading the Materials function of our CAD-CAM Division, that would include domestic and international purchases. The job would involve indigenous vendor development, international vendor sourcing, material planning and scheduling, stores management, design/implementation of inventory control system, procurement of Mechanical/Electrical/Electronic components, commercial negotiations in respect of imported/indigenous components. Exposure to computerised systems and import regulations would be useful.

You would need to be an Engineer preferably with a post graduate qualification in Business Management, with 10/12 years of relevant experience in Purchase/Materials function to fill in this critical slot. Preference will be given to those with prior experience in handling international vendors.

Young professionals with 2/4 years of experience and a liking/aptitude for Materials function would be considered at Executive/Senior Executive level.

STORES MANAGER — DELHI

You would be responsible for efficient management of stores involving a large number of critical items/components with computerised inventory and materials control systems. Graduates with 10/12 years of experience preferably in the Electronics industry would fit our bill. Personnel with 3 years of experience would be considered for positions of **Stores Executive**

ASSISTANT MANAGER-IMPORT CLEARANCE — DELHI

Job would involve effective coordination and liaison with relevant statutory authorities to facilitate timely availability of imported components/capital goods. Thorough knowledge of imports procedures would be essential, and experience in electronics industry would be preferred. The ideal age group is 30/35 years with a minimum of 10 years of relevant experience.

LIAISON EXECUTIVE — DELHI

The job would involve liaising with Government agencies for licensing, customs clearance etc. The position calls for constant updation on government policies and relevant interpretation thereof. Graduates with 7/10 years of experience would meet our requirements.

If you are interested in being associated with our fast growing organisation, please send your resume indicating qualifications, quality of experience, present salary details, and locational preference, clearly mentioning the position applied for to:

Deputy General Manager (Personnel)
HCL Limited Bajaj House, 5th Floor, 97 Nehru Place New Delhi-110 019.
If you wish to talk to us for further details, please ring us at 6444295 (New Delhi).

HCL
LIMITED

Appointments

WIPRO

We are a rapidly growing Corporation with a turnover in excess of Rs. 145 Crores in information technology, fluid power and consumer products business providing quality products and services to our customers.

Wipro Information Technology Ltd is a subsidiary of Wipro Ltd. We are a major computer company providing information technology solutions for an ever increasing range of applications. Our product range spans from PCs to superminis based on different processors and operating systems. Our business office and R&D are at Bangalore and manufacturing complex at Mysore. We have a marketing network covering all major cities and towns in India. We require:

MARKETING PROFESSIONALS
(MAJOR CITIES AND TOWNS IN INDIA)

MARKETING EXECUTIVES

Responsibilities

- ★ Prospecting & market development
- ★ Achieve & exceed sales targets
- ★ Sales realisation
- ★ Market intelligence & feedback
- ★ Customer relations and satisfaction

DEALER SALES EXECUTIVES

Responsibilities

- ★ Develop & support dealer network
- ★ Achieve & exceed sales targets
- ★ Training & productivity improvement
- ★ Customer relations and satisfaction

Candidates should be Engineers with atleast 2 years relevant experience. preferably in Computer Industry. It is essential they have proven track record and excellent communication abilities.

CUSTOMER SUPPORT EXECUTIVES

Responsibilities

- ★ Pre-sale systems studies
- ★ Develop & support application packages
- ★ Pre and post sales support
- ★ Customer training
- ★ Customer relations and satisfaction

FIELD ENGINEERS

Responsibilities

- ★ Site planning and preparation
- ★ Installation of system/peripherals
- ★ Preventive & corrective maintenance
- ★ Troubleshooting
- ★ Customer relations and satisfaction

Candidates should be Engineers with 2 years relevant experience. For CSEs, experience in systems analysis and design as well as Unix and 'C' preferred. Diploma holders with 5 years relevant experience may also apply for FIELD ENGINEERS.

We offer an attractive compensation package. Candidates with more experience will be appropriately designated and compensated. Fresh Engineers with consistently high academic record are also welcome to apply.

Please superscribe position applied for clearly and mail your detailed resume indicating current & expected emoluments & contact telephone No. to:

Personnel and Administration Manager

WIPRO
INFORMATION TECHNOLOGY LIMITED
88 M G Road Bangalore-560 001

CLOSE TO THE CUSTOMER

Appointments

GIPCL

GUJARAT INDUSTRIES POWER CO. LTD.

Are you young, full of ambition and confidence and just raring to forge ahead?

That makes two of us. We, too, are young, just two years old, full of ambition and confidence. Our project will take off any moment now.

We are a joint venture of the Govt. of Gujarat, Gujarat Electricity Board, and five highly progressive industries — GSFC, GNFC, GACL, Petrofils Co-op. Ltd., and Heavy Water Project. We are setting up a 120 MW coal/gas fired thermal power plant for meeting a part of the power requirement of the participating industries. Our plant is scheduled for commissioning in 1990.

To build up a committed core team of result oriented professionals for the management of the project as well as commissioning and operation, we are looking for bright well qualified and experienced professionals in the following fields:

(a) **Technical**: Graduate Engineers having up to 12 years of experience in the field of project construction, operation and maintenance of coal/gas fired power plants and/or gas turbines, axial compressors at various levels in different disciplines like mechanical, electrical, electronics and instrumentation. Even diploma holders with an out standing performance will be considered.

(b) **Personnel**: Graduates with specialisation in social labour welfare personnel management, industrial relations with upto 12 years experience in an industrial undertaking employing not less than 200 people in the following areas — manpower planning, recruitment, training and development, formulation of personnel policies, disciplinary proceedings and grievance handling, matters connected with labour legislations and union negotiations. Knowledge of Gujarati is essential.

(c) **Administration:** Graduate with upto 7 years experience in liaison with Central and State Govt. ensuring compliance with various Central and State laws, obtaining various clearances, permits and licences for a project as well as a running industry, General administration work like transport, canteen, hospital, telex and telephone services etc.

(d) **Materials**: Graduate Engineer preferably with specialisation in Materials Management, with upto 7 years experience in purchase, stores, and finalisation of contracts in an engineering industry. Previous exposure in a project will be an added advantage.

Applications should be made in the following format:

(1) Full name
(2) Date of Birth
(3) Educational qualifications — exams passed from SSC onwards with marks obtained.
(4) Full details of experience indicating all major jobs carried out responsibilities shouldered. Organisational chart indicating your position, one position above you and one position below you and the no. of persons controlled by you. Both the above informations should be on year to year basis or post to post basis.
(5) Present salary indicating basic salary and full details of all allowances and perquisites.
(6) Salary expected
(7) References.

Applications should reach Project Manager, GIPCL, Str: 32, Qtr: A 2, Narmadanagar, GNFC Township, Bharuch-392 015 within 15 days of this advertisement.

Remuneration will not be a limiting factor for really deserving candidates.

Appointments

A highly reputed **Multinational Company** in the field of data communication have the following openings:-

1 MANAGERIAL CADRE

We are looking for candidates with degree in Electronics/ Management and experience of computer systems. The candidate will have prospects for advancement to senior management post. Post is based in Bombay.

2 ELECTRONIC ENGINEERS

Applicant should have experience in Maintenance and installation of communication equipment and a degree in Electronics. Diploma holders with experience can be considered. Posts are based in Bombay, Delhi and Calcutta.

3 STAFF FOR COMPUTER CENTRE

Applicant should have a Diploma Degree in Electronics or a Science Graduate with experience of working in a Computer Centre. Vacancies are for Delhi and Bombay.

Remuneration: Attractive compensation package for candidates with qualification and potential.

Candidates to apply with particulate of age, present salary etc., within 10 days to Box No. AA 248 AS 2, **Business India,** Wadia Building, 17 19 Dalal Street, Fort, Bombay-400 001.

CD
TVS

Sundaram-Clayton

requires

Engineering professionals for its Railway Products Division

Hosur

Attractive salary + benefits

Assistant Manager (Maintenance)

Rs. 66,000 p.a. + benefits

You will be responsible for the installation, commissioning and maintenance of plant, machinery, equipment and services including reconditioning and replacement of capital equipment. You will also be required to plan and implement improvements to equipments and ensure safety regulations.

You will have a degree in Mechanical/Electrical/Electronics Engineering with 7-8 years' experience in a precision engineering industry using CNC machines, pneumatic test rigs, surface and heat treatment shops.

Tool Planning Engineer

Rs. 44,000 p.a. + benefits

Your areas of responsibility will include tool planning, tool procurement and material control, as also administration of the tool-reconditioning shop.

You will have a degree in Mechanical Engineering with at least 3-4 years' experience in a modern tool room, manufacturing jigs and fixtures and cutting tools.

Industrial Engineer

Rs. 44,000 p.a. + benefits

Your major areas of responsibility will include establishing time standards, job evaluation, O&M, shop layout and material handling. Implementation of SMED and mathematical simulation of production capacity would also be a part of your responsibility for productivity improvement.

You will have a first class degree in Mechanical/Production/Industrial Engineering with at least 3-4 years' experience in a precision engineering industry.

Process Planning Engineer

Rs. 44,000 p.a. + benefits

You will be responsible for process planning for mechanical, electro-mechanical and electronic assemblies as well as testing for the same and facilities planning.

You will have a degree in Mechanical/Electrical/Electronics Engineering with around 3-4 years' relevant experience and be conversant with CNC machine tools and their application. Additional qualification in Production Engineering will be an added advantage.

All these positions have excellent growth prospects and salary will not be a constraint for the right candidate.

About the Company

Sundaram-Clayton is a member of the Rs. 800 crore TVS group. Along with its associate TVS-Suzuki, it commands a turnover of Rs. 200 crores. Its products include air-actuated braking systems, the TVS range of mopeds and railway signalling and braking systems. TVS-Suzuki manufactures a range of light and sturdy motorcycles.

Sundaram-Clayton has diversified into the electronics and industrial pneumatic fields and an appliances project is on the anvil.

Interested candidates may address their applications on A4 size paper with a recent passport-size photograph, within 10 days to:

The Deputy Manager – Personnel
Railway Products Division
Sundaram-Clayton Limited
Harita
Hosur 635 109
Tamil Nadu

ABC's major specialisations include • Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Systems & Procedures • Materials Management • Organised Cost Reduction • Software Packages • Data Processing • Insurance Consultancy • Computer Feasibility • Project Reports • Socio Economic Studies

GLASS TECHNOLOGIST

We have been retained by a highly dynamic & growing Industrial House to select a Glass Technologist for their **new Project to be set up under Foreign Collaboration** to manufacture **Sheet Glass by Float Process.** The current sales turnover of the Group is over **Rs 200 Crores.**

Initially, the incumbent will be located at Calcutta Head Quarters for Project Planning & Implementation. In this phase, his primary responsibilities will involve Site Selection, Selection of Plant & Equipment, Technology Transfers through **Foreign Visits,** etc. Thereafter he will be required to manage the unit as a separate profit centre. Should be a Glass/Ceramic Technologist in the age groups of 35-40 with 10 years of relevant experience in senior position.

Salary & Perquisites will be designed to attract the best talents available. Particulars of age, qualification, past experience, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, etc., should be clearly mentioned in the bio-data. Please apply in strict confidence within 10 days to **T Sengupta, Deputy Manager** and mark the envelope & enclosure with job title & code PM/CAL/2350.

Personnel Selection Division

ABC CONSULTANTS PRIVATE LIMITED

4, Jagannathan Street, Madras 600 034. Phone : 470778

Appointments

TEIL

TOYO ENGINEERING INDIA LIMITED

We are a professionally managed consulting engineering firm, undertaking turnkey projects in the field of chemicals, fertilizers and petro-chemicals. In order to expand our activities, we require the following personnel to be posted at our Bombay office.

CIVIL ENGINEERS — DESIGN

Graduates/post graduates in civil engineering with 8 to 10 years' experience in RCC and structural steel design for industrial structures. Candidates should be able to work independently and guide draftsmen.

SENIOR PIPING ENGINEER/PIPING ENGINEERS — DESIGN

Graduates/post graduates in mechanical engineering with 10 to 15/5 to 8 years' experience in piping design work such as layout, routing, piping study, preparation of data sheets, stress analysis, tendering, etc. Senior engineers will be required to work independently and guide draftsmen.

SENIOR MECHANICAL ENGINEER/MECHANICAL ENGINEERS — DESIGN

Graduates/post graduates in mechanical engineering with 10 to 14/5 to 8 years of experience in designing of rotary and static equipment like pumps, compressors, turbines, tanks, pressure vessels, columns and heat exchangers and boilers and water treatment plants.

SENIOR INSTRUMENTATION ENGINEERS — DESIGN

Graduates/post graduates in electronics or instrumentation engineering with 10 to 14 years of experience. Job involves detail engineering for instrumentation and control systems. Should be familiar with pneumatic, electronic and microprocessor-based distributed control systems.

ELECTRICAL ENGINEERS — DESIGN

Graduates/post graduates in electrical engineering with 8 to 10 years of experience in detail engineering such as preparation of single line diagram, switch yard cable, earthing, lighting layouts and specifications, control schemes, etc.

PROCESS ENGINEERS

Graduates/post graduates in chemical engineering with 7 to 10 years experience.

Candidates should be conversant in basic process design such as preparation of Mass and Energy Balance. Piping and Instrumentation Flow Diagrams, Process Data Sheets, Instrument/Motor/Line Schedules and also in detail design and engineering. They should be familiar with relevant international Codes/Standards.

GENERAL

Candidates should be able to liaise effectively with engineers of other disciplines. Experience in preparation of proposals is desirable. Site / Commissioning experience will be an added advantage.

Salary will be commensurate with qualifications and experience. Benefits include PF, HRA, bonus, medical reimbursement, accident insurance, gratuity and LTA. Company does not provide accommodation in Bombay.

Please apply in confidence with complete bio-data and a recent passport size photograph, stating in the application present and expected salary and superscribing on the envelope the post applied for within 10 days to:

The Personnel Manager
TOYO ENGINEERING INDIA LIMITED
Maker Tower 'E', 3rd Floor, Cuffe Parade,
Colaba, Bombay 400 005.

MANAGING DIRECTOR

Applications are invited for the post of Managing Director for a well-established Bombay based company engaged in the manufacture of chemicals with a turnover capacity exceeding Rs. 40 crores. Though presently a sick unit, it is under an on-going rehabilitation programme.

The selected candidate will have to possess a high degree of management and organisational skills and the confidence and ability to turn the unit around as per the rehabilitation programme. He should have a flair for dealing with government agencies and financial institutions at top levels. A post-graduate qualification and training experience in Business Management will be an advantage.

Age should be between 45 to 50 years with not less than 10 years experience at very senior management levels. Persons in receipt of a total annual remuneration of less than Rs. .5 lakhs need not apply.

Please apply in confidence to:
Box No. AA/2481LA/ ,
Business India,
Wadia Building, 7/ 9 Dalal Street,
Fort, Bombay-40000 .

NICCO BATTERIES LIMITED

NICCO

requires

Regional Managers

at Delhi and Calcutta

The Company

We are a NICCO group company in technical and financial collaboration with GLOBE INTERNATIONAL, USA (a division of Johnson Controls Inc.), the world's largest automotive battery manufacturer. GLOBE INTERNATIONAL has pioneered many developments in storage battery technology and now our modern plant near Delhi will turn out batteries with superior characteristics. M/s. PICUP and CROMPTON GREAVES LTD. also have equity participation in our company.

The Job

You will lead a young sales and service team to achieve budgeted marketing targets in your region. Your work would require intensive personal interaction with the trade, OEMS, Institutional/Govt. buyers. You will be delegated sufficient decision-making authority to conduct the regional operations on a PROFIT CENTRE basis.

The Persons

If you are below 35 years and have either field selling experience of 10-15 years in the automotive battery or auto parts industry where you are currently occupying a position of similar responsibility or if you are an MBA from a reputed institute with 6-8 years of sales management experience and have seen fast personal growth in any competitive industry with multi-segment markets, you may be the person we are looking for. Excellent communication skills, demonstrated leadership qualities, sound commercial acumen and a strong desire to make a marketing career are other essential prerequisites. Ample growth opportunities exist for the outstanding performer within our company.

Emoluments

An attractively designed compensation package is offered which will be negotiable, based on your perceived abilities and potential.
Please apply within 10 days in strict confidence to:

The Personnel Deptt. (Code RM/01)
NICCO BATTERIES LIMITED
Post Box No: 1644, Kashmere Gate, Delhi 110006

Appointments

Large Industrial group setting up highly sophisticated **Alloy** and **Special Steels** plant with Vacccum Refining Technology at Aurangabad with corporate office at Bombay has following vacancy:

DIRECTOR-TECHNICAL

(REF: KSL 001)

Incumbent should be a mature individual having very senior level exposure in the steel industry. Apart from overseeing the implementation of our current project whose commercial production is expected to start in Jan 88. Candidate is expected to implement our group's second 200,000 TPA Integrated Steel Plant. Incumbent should be B.E. (Mech.), MIME (Metallurgy) with thorough knowledge of Civil, Mechanical and Electrical works. Preference will be given to candidate who has implemented projects from grass root level and has had dealings with financial institutions. Minimum 15 years' Production experience necessary in use of Arc and Induction furnaces and manufacture of stainless steels and special alloys. Knowledge of VODC and Horizontal Direct Strip Casters will be an added advantage. Candidate should have good commercial acumen with independent decision making abilities.He shall be reporting directly to the chairman.He should be in perfect physical and mental condition as lot of travel within and outside the country is expected. Salary and perks will be the very best and is entirely negotiable. In any case it will not be less than Rs. 3 — 3.5 Lacs/Annum. Please write in strict confidence with complete C.V. and current salary drawn, to: Box No. AA/248/LK/3, **Business India**, Wadia Building, 17/19 Dalal Street, Fort, Bombay-400 001.

A well established, large and highly reputed industrial group of Northern India having diversified interests with a group turnover of around Rs. 300 crores wishes to recruit for its Synthetic Yarn/Fibre Division.

GENERAL MANAGER-MARKETING

SYNTHETIC YARN/FIBRE

Delhi **Excellent Terms**

The incumbent will have total responsibility of all Marketing and Sales functions and will be responsible for planning, organising and supervising the sales and marketing activities covering market and product development, market intelligence and research, evolving new market strategies in a competitive market, establishment of new sales channels etc. in order to achieve ambitious sales targets at maximum price realisation. He will be assisted by a team of highly professional and efficient managers and will be required to co-ordinate between production and marketing Departments.

Applicants should have good academic background, preferably be graduates in Textile Technology and/or post graduates in Marketing having around 10-15 years relevant experience. They should be conversant with Marketing of Synthetic Yarn/Fibre to the textile industry. Preferred age group 35-40 years.

Please apply in strict confidence within 10 days stating qualifications, experience,salary drawn and expected marking the envelope and enclosures with job title and code GMM/6.

omam Consultants Private Limited
14-D BASANT LOK, VASANT VIHAR, NEW DELHI – 110057 TEL: 670821/604587

SHISHTI

Appointments

LUPIN

Lupin is a well-diversified, multi-divisional, multi-locational organisation having a compound growth rate of 50% with current year's turnover of around Rs 100 crores. Lupin's latest group Co., Lupin Polymers Limited, is implementing a Rs.9.5 crores synthetic leather plant with German collaboration near Panjim, Goa. The company is looking for an ambitious and dynamic professional to take charge of the plant as

WORKS MANAGER

The incumbent will be independently responsible for all the functions at Goa, including manufacturing, engineering services, accounts, administration dealing with State Govt. agencies and can look forward to excellent growth prospects. He should be an engineer preferably with management qualifications, with around 15 years' experience including operating a similar sized factory independently.

Remuneration is planned at over Rs.1.25 lakhs p.a. plus car, and will not be a limiting factor for the right candidate.

Applications may be sent in strict confidence to:—

Corporate Office,
Lupin Polymers Limited,
159, C.S.T. Road, Kalina, Santacruz (E), Bombay-400 098.

PROJECT MANAGER

A leading industrial house having sales turnover of over Rs. 130 crores is diversifying into the field of Electronics for Manufacture of D.C. Micro Motors in collaboration with a reputed japanese manufacturer. The Company is committed to an early launch and has ambitious growth plans.

The Person :	Graduate in Mechanical Engineering, preferably an MBA having at least 8-10 years experience in Precision Mechanical assembly line with particular exposure to Tooling and Moulding.
The Job :	To assume complete responsibility of the project execution and take total charge of running the unit after comencement of commercial production. This is a senior management position reporting directly to the Chief Executive of the project.
Location :	Near Delhi.
Compensation :	Emoluments will be comparable to the best in the industry and include attractive perks.

Please apply immediately with details of Age, Qualification, Experience, Salary Drawn etc. to 42, Dakshineshwar, 10 Hailey Road, New Delhi-110 001.

Appointments

BRANCH MANAGERS

BOMBAY, JALANDHAR, DELHI

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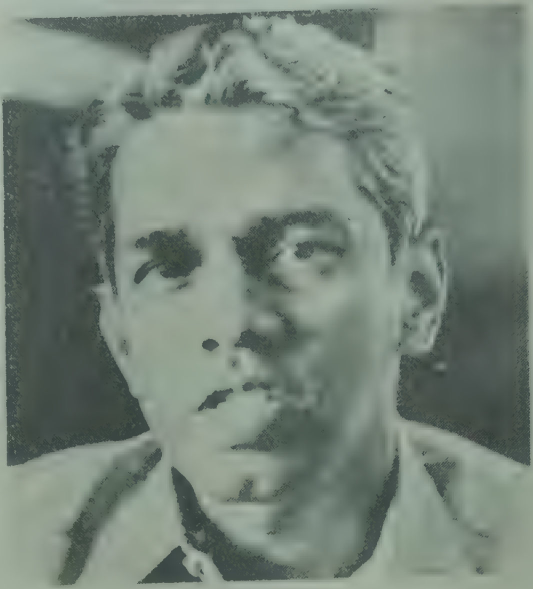
"Teachers may no longer legitimise the system"

The unprecedented strike by over 2,30,000 university teachers across the country enters its 34th day today, with little prospect of its being withdrawn in the near future. The All-India Federation of University and College Teachers' Organisations, which has called the strike, is a federation of 130 teachers' organisations representing almost 2.5 lakh teachers. Already over 50,000 teachers have courted arrest in pursuance of their demands and the AIFUCTO has now called for a further intensification of the strike. Arun Subramaniam of Business India *met AIFUCTO president, K. K. Theckedath in Bombay recently.*



> **This is the first national strike to have ever crossed 30 days; even the railway strike was called off after 26 days. This shows the depth of the teachers' grievances. Teachers have a much greater staying power than almost any other group of workers; not only do they have the financial resources, but more important, it is their capacity to understand the issues involved that allows them to rise above mere trade unionism, and accounts for the tremendous discipline that they have displayed. Our only 'weakness', if any, is our concern for our students**

What are the issues in dispute?

The new pay scales announced by the government for university teachers has created an illusion of a threefold increase in pay and greater promotional opportunities. In actuality, the government has done little more than consolidate the existing dearness allowances with basic pay and presented it as a major revision in pay scales. In fact, not only have the teachers' money wages remained unchanged, but we have not even been compensated for the erosion in our salaries over all these years. You must remember that teachers' pay scales were last revised 15 years ago; over this period there has been a 350 per cent increase in price levels. At the very minimum, therefore, the lecturers' grade should have been revised from Rs 700-2,200 to Rs 2,400-5,600 and not Rs 2,200-4,000 as has been proposed. Thus instead of an upward revision of pay, the government has in real terms actually reduced it.

Secondly, on the pretext of improving our service conditions, the government has completely altered the grade system for teaching staff. In the place of three grades — lecturers, readers and professors — the government has now proposed seven. This is bound to limit promotional opportunities as a lecturer will now have to cross four grades, each involving a separate evaluation, before he can qualify for a reader's post. We have demanded a restoration of the three grade system.

Further, most states have not yet implemented even the scales proposed in the earlier revision. Instead of compelling the states to adopt the scales proposed by the centre, the government has once again merely 'recommended' that the new scales be adopted. Besides these, the new scales take away certain hard fought gains that teachers have won, for example, the merit promotion schemes in Bihar; entire sections of the academic community, like librarians, have been entirely excluded; and, the new scales perpetuate the wholly unjustified discrimination between junior and senior college teachers.

The UGC chairman has apparently offered to recommend changes in the new scheme to the human resources development ministry if the AIFUCTO calls off the strike. Do you think a compromise is possible?

This is nothing more than an attempt by the government to confuse the teachers. We have made it abundantly clear that the AIFUCTO will call off the strike only after our demands have been negotiated with the ministry and a comprehensive settlement has been signed. To call off the strike on the mere promise of negotiations, will only postpone a resolution of the dispute, not settle it.

How has the student community reacted to the strike?

Students across the country have been very supportive; in Delhi, they have formed a join action committee to support our strike. Their leaders have launched an indefinite hunge strike to force the government to open negotiations. Student organisations volunteered to join our *jail bharo* agitation but we advised them against it.

The government, of course, is trying hard to turn the students against us. JNU has all of sudden announced the 'zero semester' — if 90 days of classes are cancelled in a semester students will be forced to repeat it. We hav- therefore demanded an adjustment in the present academic year so that students will not b made to suffer.

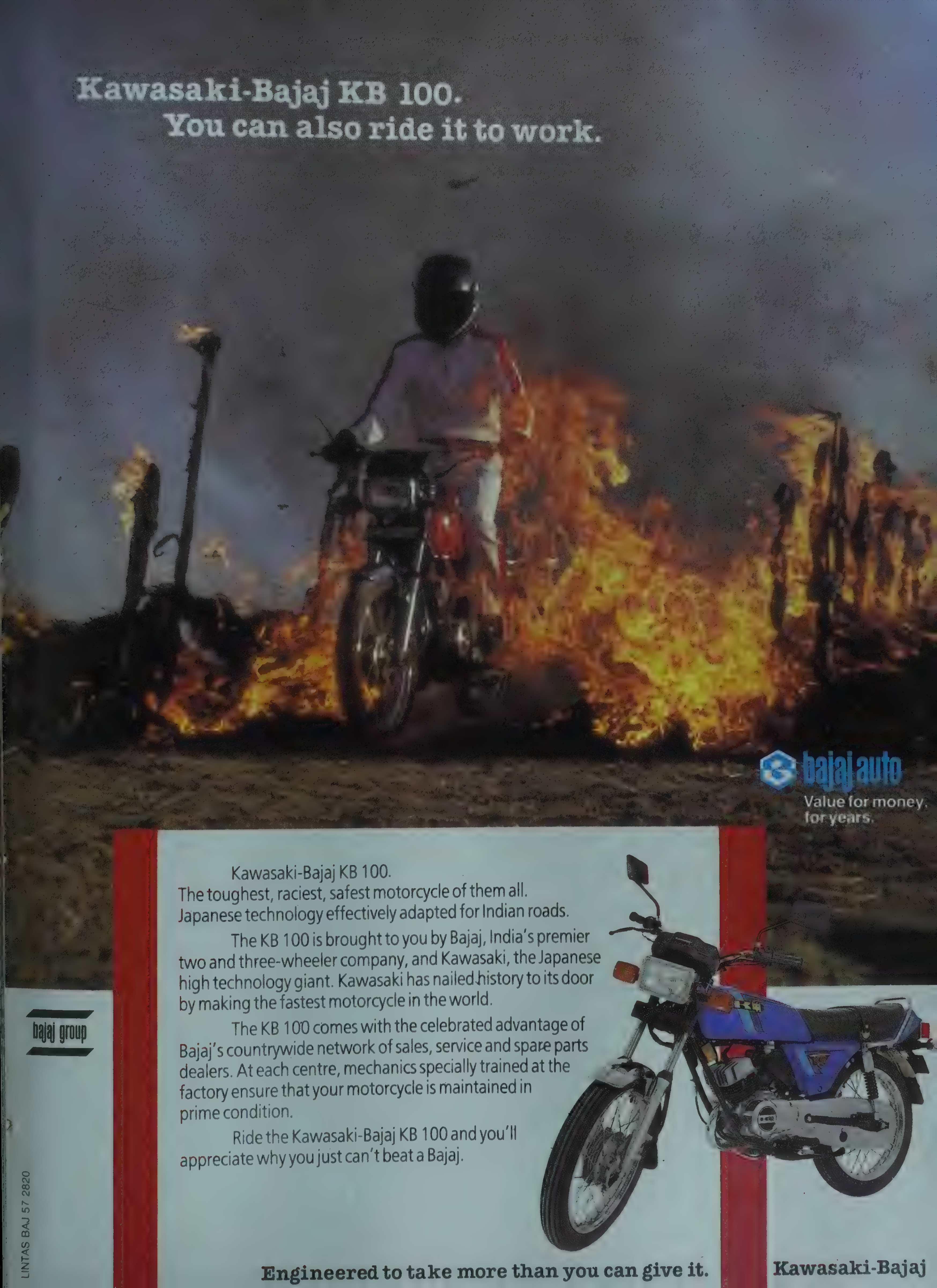
The strike has now entered its second month. How long do you think the teachers will b- able to sustain it?

Our members have demonstrated their capacity to withstand repression. Teachers in Tam Nadu have been jailed for 16 days; eve women teachers have been remanded to jud cial custody for nine days. In UP although th strike had been banned under the Essenti Services Maintenance Act, thousands teachers courted arrest.

This is the first national strike to have eve crossed 30 days; even the railway strike wa called off after 26 days. This shows the dept of the teachers' grievances. Teachers have much greater staying power than almost an other group of workers; not only do they hav the financial resources, but more important, is their capacity to understand the issues i volved that allows them to rise above me trade unionism, and accounts for the tremen ous discipline that they have displayed. O only 'weakness', if any, is our concern for o students.

What makes you think the government w ultimately concede your demands?

Teachers, like other sections of the inte ligentsia have unfortunately played the role legitimising the system. Through this actio teachers have indicated that from now on th are no longer willing to play this role: That why the government, though seemingly i transigent, has taken this strike so seriously.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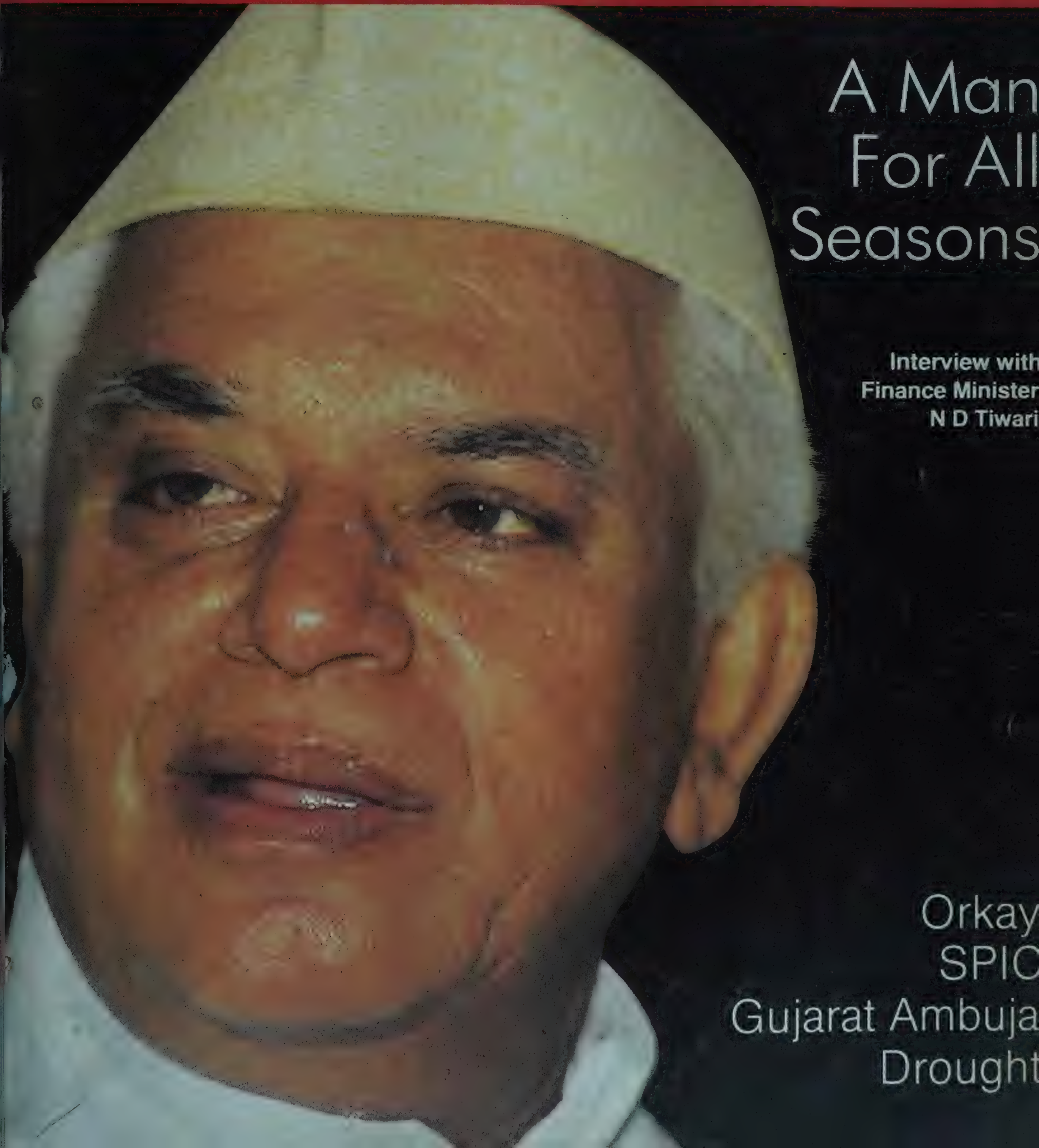

A Man For All Seasons

Interview with Finance Minister N D Tiwari

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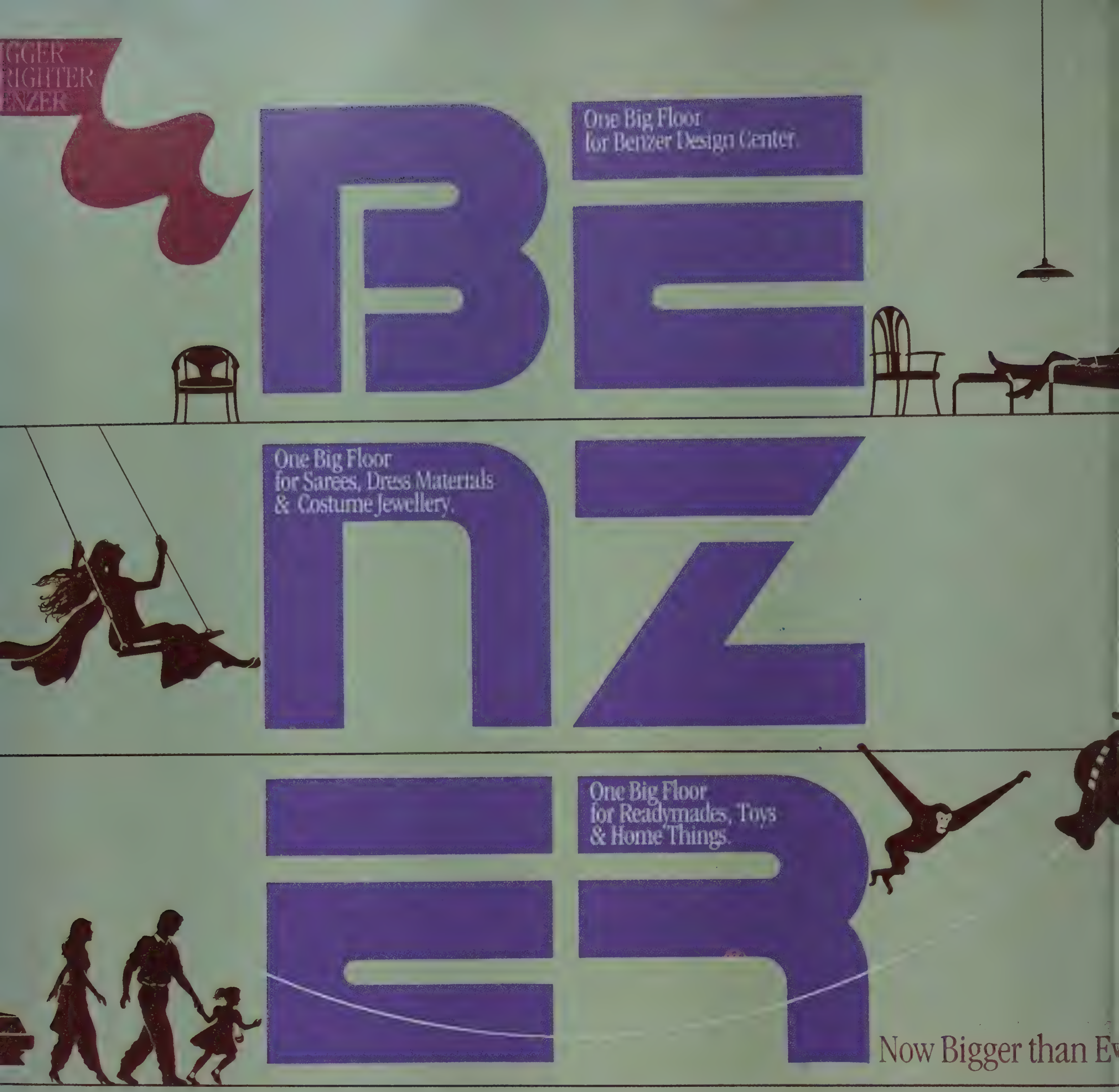
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Cover to Cover

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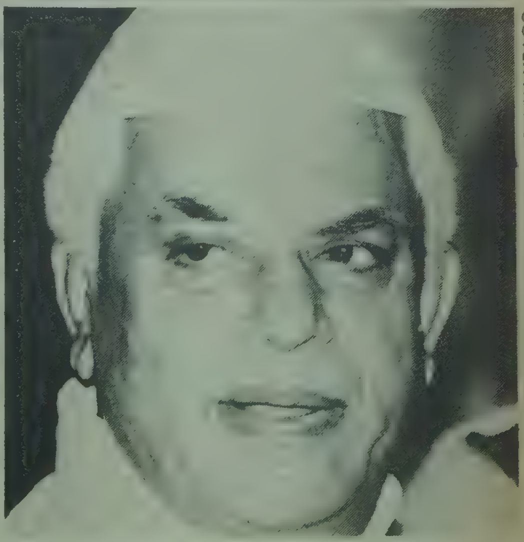
Cover Feature

46 A man for all seasons

Union Finance Minister Narayan Datt Tiwari gave a free-ranging interview to *Business India* recently. Clearly, there are enormous pressures from all sides on the Finance Minister, and Tiwari, who is an acknowledged master politician, would like to accommodate all demands. He is certainly a man for all seasons



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Sticky questions

At Orkay's AGM held last fortnight, chairman Kapal Mehra had to answer a large number of sticky questions. Especially about Orkay taking over the fixed assets of several associate concerns valued at about Rs 25 crores

S. N. Vasuki

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Big entry into chemicals

If all the plans of this Madras-based fertiliser giant click, it could emerge as the flagship of a major multi-product group in the next few years. And the man at the helm, A. C. Muthiah, as the country's major industrialist

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letter from the publisher

For this time's cover feature, we were fortunate to get an interview with the finance minister Narayan Datt Tiwari. Tiwari is easily the most accessible finance minister in recent times. This is in sharp contrast to his predecessor V. P. Singh, at least when he was in office. Not unreasonably, Tiwari claims that this easy access helps him to keep in direct touch with the day-to-day realities. This in itself is no mean feat in the rarefied atmosphere of New Delhi.

It is not easy to be the finance minister of India. Unquestionably, the finance minister is next only to the prime minister, the second most powerful minister. Yet it is an extremely difficult task to get the bureaucratic and political system to respond. There are indeed enormous competiting legitimate claims on any finance minister. Tiwari's task is made doubly difficult by the drought which only accentuates the demands and reduces the resources considerably. But his task is much greater than merely conceding or rejecting the demands made upon him.

Tiwari is of course an accomplished politician. And he would genuinely like to try and accommodate everybody. In fact, he is perceived as such by trade and industry who welcomed his appointment. Yet there is a great danger in being all things to all people. And Tiwari knows this only too well.

Like any finance minister who has just taken charge, he talks in generalities. But clearly he is looking for specific and practical measures. He recognises that one must look for a clear and definite strategy. And he is conscious of the need to make a concerted thrust in the right direction.

The present government was elected in the hope that it would seek new directions for our society. The hope was that there would be a fresh and dynamic approach to economic and social problems. Only if this is done can we break out of the economic and social stagnation in which we find ourselves caught.

It is here that Tiwari can be of the greatest assistance to the government. The country once again is slipping into a mood of helplessness and despair. One way out is to get the economic wheels moving faster. While undoubtedly we have enormous economic problems, it is equally true that we have enormous resources and reserves. Most of us believe strongly (a view that is shared by many outside observers of our society) that we are capable of growing extremely rapidly. The frustration arises from the fact that we do not perform anywhere near our potential.

The finance minister is a key person to help unlock our potential. Will Naryan Datt Tiwari do it?

Ashok H. Advani

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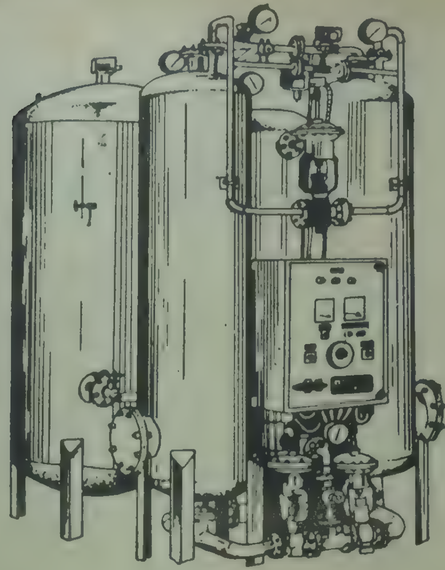

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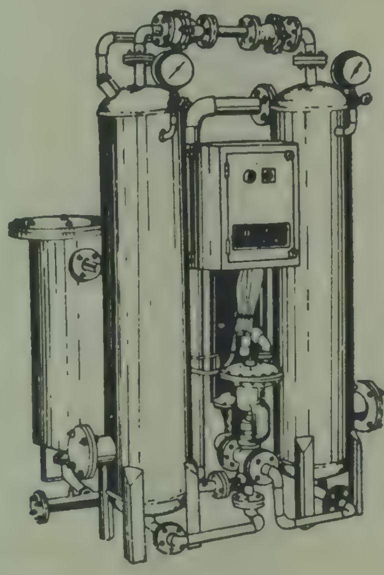

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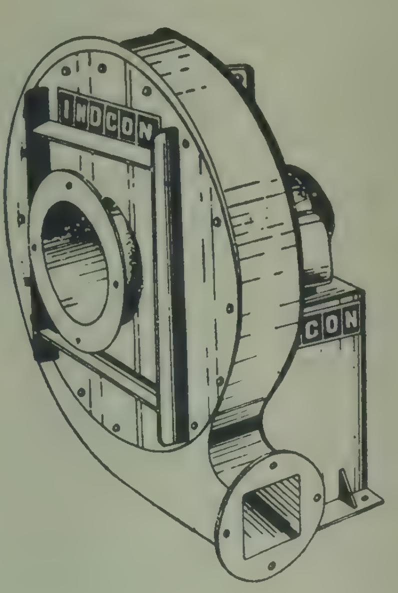

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IND/116/87

letters to the editor

Splitting headaches

I have read your cover feature on the Mafatlal family (24 August) with considerable interest.

I was also involved in long litigation against them (Case No. 1072 of 1951) in the Bombay High Court, which lasted more than 20 years. They had won through the power of money against me. My share in my late father's Mafatlal property was about one-sixth.

They had engaged Motilal Setalvad, Nani Palkhivala and P. N. Bhagwati, while I had on my side K. M. Munshi, C. K. Daftary, D. N. Pritt, QC, (from England) and V. K. Krishna Menon.

Moreover, my late sister had also written to Indira Gandhi way back in 1959. She had promptly replied to my sister's letter.

Haridas Mafatlal
Ajmer

- The article on the Mafatlals' split (24 August) is lucid and commendable.

As regards the accounting jugglery indulged in by textile companies of the group, Mafatlal Industries Limited (MIL), which is the flagship company, deserves special mention. MIL has not provided for depreciation on account of multiple shift working from 1983-84 and the auditors have qualified in their report that it is contrary to the accounting practice recommended by the Institute of Chartered Accountants of India. In the same group, Mafatlal Fine Spinning has been lately providing for shift allowance. The cumulative depreciation not provided by MIL up to 1986-87 amounts to Rs 8.40 crores.

In the first instance, MIL ought not to have credited to the profit and loss account for 1980-81, refund of excise duty and interest amounting in all to Rs 4.48 crores. In any event, when the civil judge's order granting refund was reversed by the Gujarat High Court in 1984, adequate provision should have been made in the accounts, instead of showing it as a contingent liability, pending an appeal to the Supreme Court. The cumulative burden up to 1986-87, including accrued interest, is Rs 7.81 crores.

If adequate provision has been made for depreciation and excise, corporation tax of Rs 2.11 crores, commission of Rs 0.05 crores to whole-time directors (including the chairman, Arvind Mafatlal) and dividend of Rs 4.39 crores, amounting in all to Rs 6.55 crores for 1983-84 to 1986-87, could have been substantially avoided. I wonder whether the excess payment can be recovered from the directors.

Neelkanth Upadhaya
Bombay

IENS condemns Express raids

The Indian & Eastern Newspaper Society (IENS) is outraged at the raids conducted on the office and residences of the *Indian Express* by officials of the Directorate of Revenue Intelligence, with the involvement of several other agencies, including the Intelligence Bureau and the Central Bureau of Investigation.

The official explanation that the raids were in connection with suspected economic offences related to the import of machinery is not convincing. The allegations are that the machines had a slower speed than 35,000 copies per hour, that they were not imported by actual users, and that they were undervalued for customs duty purposes. These allegations could have been investigated by show cause notices and other procedures laid down by law. Thereafter, if offences were established, consequences could have followed. Instead, editorial staff were prevented from doing their duty and the whole effort was to look into details of investigative stories the newspaper was working on, including Bofors, Fairfax and the Bachchan inquiries.

The IENS strongly condemns this assault on a newspaper's editorial integrity and urges the government to respect the guarantees of free speech and expression enshrined in our Constitution.

C. R. Irani
Chairman,
Press Freedom Committee
IENS
New Delhi

A tribute

In the death of Romesh Thapar, India has indeed lost a true journalist, guardian of civil liberty and democratic rights. As rightly mentioned in your editorial tribute, I am one of those who never met him but valued what he stood for.

It would be a fitting tribute if *Business India* could publish a compendium of Thapar's contributions to the magazine since its inception. His column in *Business India* will certainly be relevant in the Indian context, as long as the "outrage of the modesty" of Indian democracy continues by our warped politicians.

Being an avid reader of *Business India*, and Romesh Thapar's column since the beginning, I shall dearly miss reading it.

V. Shankar
Bangalore

Clarifying the Chloride deal

I have been a regular reader of your publication for several years and regard it as an irreplaceable source of information and analysis of the Indian business world. I have also enjoyed the sometimes aggressive style of the reportage, but was alarmed to find in your edition of September 7-20, 1987 that this style had gone over the top — at the expense of Merrill Lynch, and more importantly, of one of our reputed Indian clients.

The article in point was the cover feature describing the imminent restructuring of Chloride India, in which your correspondent suggests not only that Birla will be taking up to 49.99 per cent stake in Chloride Eastern but also that there are questions regarding his sources of funds to achieve so significant a shareholding. The innuendo on this latter point was repeated no less than three times in the article, which is all the more unfortunate since your correspondent has clearly misunderstood the lengthy explanation of the proposed Chloride Eastern equity offering given to him prior to the preparation of his article.

The record must be put straight and the facts of the matter are as follows. The offering of shares in Chloride Eastern — a Singapore company — will be structured as a public issue in the Singapore market, with three main groups of subscribers. As indicated to your correspondent, Birla's Singapore operations, together with a group of NRI associates, will take up less than 10 per cent of Chloride Eastern's capital. The second group of investors will comprise members of the general public in Singapore. The third, and predominant, group of participants will be the same type of institutional investors who subscribed to the greater part of the India Fund. These investors include institutions such as pension funds, portfolio managers and trust departments, located in the world's major financial centres (London, New York, Boston, Paris, Hong Kong and so on) with, in aggregate, hundreds of billions of US dollars under management, and whose assets and investment philosophy enable them to make long term investment commitments to the major industrialising economies in Asia.

Their capital has played an important role in the modern economic development process in the region — starting with Japan in the early 50s — and the innovative structure of the Chloride transaction has unlocked this vast source of portfolio equity capital for the Indian corporate sector. This is the real significance of Chloride Eastern's sale of shares. Regrettably, your correspondent's misunderstanding has placed this aspect in the shade, as well as inadvertiently casting aspersions on the intentions of both Birla and Merrill Lynch.

I would be most grateful if you could set matters right by bringing the real basis of the

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letters to the editor

Chloride transactions to the attention of your readers.

Andrew Korner
Merrill Lynch
Hong Kong

***Business India**'s deputy editor, Subrata Roy posed specific questions to S. K. Birla. Unfortunately, the replies Birla gave were vague. While we appreciate the need for confidentiality while finalising any business deals, we owe an equal duty to our readers to raise the appropriate questions and to the shareholding public to provide as many details as possible. It is unfortunate that full details of the proposed transactions were not made available at the time of writing the article.*

We maintain that full and frank disclosure is the best corrective for any misapprehensions that may arise when deals of this nature, especially those involving offshore companies, are being struck. We feel that it is unfortunate that any misapprehensions should have risen.

- This relates to your cover feature on Chloride India (7 September).

During my interview with your correspondent, I had mentioned that when Chloride Eastern is formed, I will have some role in it. But I find that it has been stated that I will be appointed chairman of Chloride Eastern Ltd. This is not correct. A far as I know, Mr Kent Price, the chief executive of Chloride Group plc, is to be the chairman of Chloride Eastern Ltd.

Jahar Sengupta
Chairman
Chloride India Ltd
Bombay

An explosive issue

This is in connection with your Business Note ('Grand plans, poor show', 1 June) on the Tamil Nadu Development Corporation (TIDCO).

In the article, there is a comment on the wisdom or otherwise of the setting up of a capital intensive plant for Tamil Nadu Industrial Explosives Ltd (TNIE) for the production of commercial explosives.

Consequent upon the interruption in mining caused by the uncertain supply of explosives in the early seventies and the subsequent oil crisis, the union government decided to substantially increase the production of coal specially for power generation. This called for increasing the installed capacity for explosives. It was also decided by the government that some units must come up in the public sector since explosives happen to be key inputs for certain core sector activities.

The coming up of a public sector explosives project with high technology and good growth prospects has not been welcomed by existing manufacturers, whose views have apparently coloured the comments referred to. If one talks of cost effective mining, products from sophisticated plants like that of TNIE will only assist in the long run to reduce mining costs. Such hi-tech units certainly have a very useful role to play.

C. N. Chandrasekharan
Managing director
Tamil Nadu Industrial Explosives Ltd
Vellore

On the road to recovery

We read with interest your industry report on tractors (10 August).

We however, regret that Table 1 on the tractor industry in your report has conveyed the wrong impression about Punjab Tractors Limited's market share. The author has not highlighted that in case of PTL, the figure 2,585 represents sales of three months only instead of six months, as during the busy period of three months, (March-May), no tractors could be despatched on account of labour unrest that led to a prolonged lockout of the tractor plant. Therefore it is incorrect to state that PTL's share was 6.2 per cent

A. M. Sawhney
Manager, Marketing
Punjab Tractors Ltd
Chandigarh

Only 4 per cent

In your Corporate Monitor (10 August), it is stated that Sundaram Finance Ltd, Madras, has declared a dividend of 40 per cent for the first quarter ended 31 March 1987. This should read only four per cent. It is not for the first quarter of 1987, but because of the changeover in their accounting period from December to March.

S. Visalakshi
Madras

Corrigendum

In the corporate report on Klockner Windsor (24 August), the name of the company's joint managing director should have read N. K. Patel, not N. K. Shah as reported.

Also, the pretax profits of the company should read as follows: 1983 — Rs. 1.43 crores; 1985 — Rs 2.14 crores; 1986 — Rs 1.85 crores.

The error is regretted. — *Ed*

2nd Anniversary Issue

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For Your Information

Chip credit

To many, the American way of life with a dozen or so credit cards (with which the dishonest finder — or thief — can live it up for a while) still appears too complicated and risky.

Now a new chip card with a built-in security system, which Siemens has announced as an international novelty, hopes to enable "plastic money" to make its final breakthrough.

The core of the card is a tiny electronic chip, about half a centimetre square, which is cast into the plastic material of the card. Other than the current magnetic strip cards, the new chip features infinitely higher storage capacity for data and in addition even its own microprocessor "intelligence" for performing extensive security checks.

In contrast to conventional magnetic strip cards, a data or telephone link with the computer centre of the credit card organisation to check the validity of the card or the credit ceiling is no longer needed. The chip card permits a much more comprehensive and faster "on-the-spot" security check than does the conventional credit card. For in the check-out terminal, the card-integrated chip can "converse" with the chip of a reference card inserted by the retailer — and this in encoded form, using a code that is secret and unfakable. This way, the chip card and the reference card first check each other for their mutual "genuineness". The chip also checks the secret "personal identification number" which the customer has to key in to prove that he is the legitimate card holder.

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BITTE KARTE EINSTECKEN
1 2 3 4 5 6 7 8 9 0 *

The new chip card will make cashless paying much more convenient

If a retailer co-operates with more than one credit card organisation, he merely needs to insert another reference card into the terminal. Any differences in procedure are programmed in the chips of the various reference cards; the terminal remains the same.

Booking and receipting of the purchase price is done in two ways: On the one hand, the debit is entered in the memory of the chip card, and the remaining balance (or the amount of credit that is still untapped) is updated correspondingly. Unlike with the magnetic strip card, a customer thus obtains a receipt with an "electronic signature" on his chip card. On the other hand, the retailer's terminal stores an encoded record of the transactions which at some later point in time is put together with a whole bundle of other bookings and is transferred at low cost to the headquarters of the credit card organisation.

Such a high degree of flexibility combined with maximum security would be unthinkable with today's magnetic strips. The few data on these strips are not as secure as those on the chip and require an (expensive) direct link with a computer system for security checks. The tiny chip on the card, however, can neither be copied nor manipulated. Any attempt at tampering with it would destroy it

---

Run for your money

When Kerry Packer started one-day cricket, there was a collective snort of disgust from the traditionalists. In the years since then, though, many of them have become converts and enjoy one day matches just as much as the millions of hitherto uninterested people who have been drawn into the magic of cricket. And one days are also putting a lot more money into the pockets of organisers and players than test cricket — in the form of sponsorships and profits for the former and cash prizes for the latter.

This commercialisation of the game is going to touch new heights in the forthcoming Reliance Cup — draw more disgust from whatever remains of the cricket-is-a-gentleman's-game camp.

Bush India Ltd, in right corporate and patriotic fervour, is offering cash prizes to members of the Indian team for individual performances during the Reliance Cup.

Batsmen:	
Every boundary scored	Rs 500
Every over-boundary scored	Rs 1000
Bowlers:	
Every wicket taken	Rs1000
Every maiden over bowled	Rs 500
Fielders:	
Every catch taken	Rs 500
Every stumping	Rs 500
Every run-out (to be shared by the fielders involved)	Rs 1000

And that should effectively draw cricket right into the arena of high stakes and cut-throat competition.

If all this is not incentive enough for some murderous cricket, nothing else is. One shudders to think what this kind of sponsoring would have done in the days of the bodyline boys.

S. Madhavan, Bombay

BusinessIndia

Business India invites readers to send original contributions to this page. The snippets can be humorous, insightful, outrageous or simply, informative. Each snippet must carry this coupon.

Japan leads in traffic of endangered animals

A wild life preservation group said Japan's imports in violation of international agreements make the nation "the world's largest trafficker in protected wildlife".

Traffic Japan, the group which monitors international trade in wildlife under the Washington Convention, said Japan violates the convention's Appendix I — endangered species which are banned from trading — and Appendix II — species in which trade is restricted.

Although a member of the convention, Japan decided to allow the import of 14 rare species including whales, sea turtles and lizards, from the treaty-protected list — more "exceptions" than any of the other 94 members of the convention have made.

Traffic based its findings on statistics submitted to the 1985 Washington Convention and 1985-86 Japanese customs data compiled by the finance ministry and made available recently.

Japan imports animals from Singapore and Taiwan, neither of which is a signatory to the treaty and both of which are major illegal exporters to Japan. Singapore plans to join the convention in February, Traffic said.

The group claimed Japanese importers forge certificates and make false customs declarations that animals are "captive-bred"

Japan in 1986 imported some 149 tonnes of crocodile skin worth Yen 1.23 billion, and also other illegal wildlife products such as lizard and snake skins, and bear gall bladders, which may have cleared customs illegally.

Khursheed R, Bombay

Saving, Japanese style

The average Japanese household puts aside Yen 16 out of every Yen 100 post-tax that it earns, four times as much as an American family does and more than anybody else in the industrialised world. The result is far more savings than Japanese industry needs for its own investment. So it flows out of Japan to other countries in the form of long-term capital — $145 billion worth in the 1987 financial year alone.

The government has not scrimped on the incentives. At the moment, the interest earned on some 70 per cent of personal savings in Japan is tax-free. In Britain the figure is 11 per cent; in the United States and West Germany it is zero. The tax-free part of Japan's total personal savings of Yen 406 trillion ($2.7 trillion) at the end of the 1986 financial year gave Japanese savers untaxed interest income that year of Yen 13.5 trillion. Astonishingly, that was equal to almost half the total profits made in 1986 by all of Japan's companies.

Japanese save so much not just because they need to: to provide for their old age, pay for their children's education, and buy a house. Until those needs grow less pressing, it is hard to imagine Japanese savings rates going down much faster. An average Japanese household spends more than Yen 13,000 a month on education — almost as much as on housing.

P. T. Patange, Thane

Neemicide

The neem tree is now being recognised as an alternative to chemical pesticides. The neem tree grows in India, Pakistan, Bangladesh, Sri Lanka, Saudi Arabia and Sahelian Africa. Farmers have since long used this tree to protect their crops from insects as also to keep the number of these pests down. It is only now that scientists are recognising the worth of the neem tree in keeping away insects and other pests from crops and other edible goods.

CEE-NFS

Bank bust

The year 1986 saw a record number of bank failures in the US, for the fifth successive year.

According to a report of the Federal Deposit Insurance Corporation (FDIC), 138 banks were either merged or liquidated last year, mainly as a result of continued troubles in the agriculture and energy sectors. The highest failures were recorded in Texas(26). Originally, the FDIC had placed, 1,484 banks (one out of every 10 banks it insures) on its list of 'troubled' banks.

Last year's failures were the highest since the creation of the FDIC in 1934. The assets of last year's failed banks totalled $7.7 billion — averaging about $30 million per bank, and the FDIC paid $2.8 billion to the depositors.

In 1984 and 1985, the reported failures were 120 and 79. This is, however, nothing if compared with the early years of the Great Depression. From 1930 to 1933, an average of 27 banks failed each year, with an astonishing 4,000 failures in 1933 itself!

Gurbir Singh, Chandigarh

Read between the lines

When people say	**They mean**
Please treat this in strict confidence	Tell one person at a time
There are no historical data	I can't find the file
A decision will be taken on a case to case basis	I want to favour the person I wish to
I believe in an open-door policy	I have time enough for any informer
A committee will review the issue	I want to put the issue in a paper grave
We are looking into the matter	We don't know how to solve the problem

L. M. Dixit, Bombay

Car race

When asked to name the country that produces the most advanced automobiles, automotive engineers surveyed by Ward's Auto World were rather evenly divided among the US 34 per cent; Japan 33 per cent; and Germany 31 per cent. Specific manufacturers elicited an even greater diversity of opinion. The cars mentioned were Mercedes-Benz, 33 per cent; Honda, 15 per cent; Toyota, 13 per cent; GM 11 per cent; Ford 10 per cent; Porsche, 8 per cent; BMW, 3 per cent; Chrysler, 2 per cent; VW-Audi, 2 per cent; Nissan, 2 per cent; and Mazda 1 per cent. Twenty nine per cent of the engineers said that Honda produces the highest quality/value cars, followed closely by Toyota (26 per cent) and then Ford (13 per cent).

S. N. Naniwadekar, Bombay

Time crime

Robert Half, head of Robert Half International Inc., a recruiting company, contends that in 1982 (the latest figures available) "time-theft" cost the Canadian economy at least $15 billion, and it cost the US $140 billion in 1983.

Who is a time thief? He is a person who deliberately wastes and abuses on-the-job time.

According to Half, employee pilferage, vandalism, kickbacks, arson and other recognised crimes against Canadian business are estimated to total no more than $5 billion a year. The biggest crime of all goes unrecognised, unreported and unpunished.

Half contends that workers who intentionally misuse the time for which they are being paid to work are by definition stealing from their employers. They do incredible damage to their companies and to the national economy by squandering a precious, irreplaceable, natural resource.

Any one for a study of time theft in India?

Sandeep Jain, Ludhiana

SIEMENS

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Advanced telecommunications technology has made it possible to send telephone, telex and teletext messages, plus video images on a single hair of light! This Integrated Services Digital Network (ISDN) combines four forms of communication – voice, text, data and images – in one line, with one exchange and one directory number for the user. Siemens AG, West Germany is a pioneer and world leader in this modern telecommunications concept. In India too, Siemens is a pioneer in telecommunications, setting up the first telegraphic link between Calcutta and London in 1867. Today, with electronic telex exchanges, teleprinters and telephones, Siemens keeps India in step with the world.

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With products as varied as telecommunications equipment, medical electronics, switchgear, switchboards, drives, motors, control and automation systems and railway signalling systems – Siemens is keeping India in the frontline of international technology. Being in close contact with Siemens AG, West Germany, gives Siemens in India access to the world's latest developments in every field. This, combined with its 120 years of experience in India, makes Siemens an ideal partner for the country's progress. Today, India has entered a phase of rapid and dynamic growth. And Siemens is proud to be one of the foremost companies speeding the nation into the twenty-first century.

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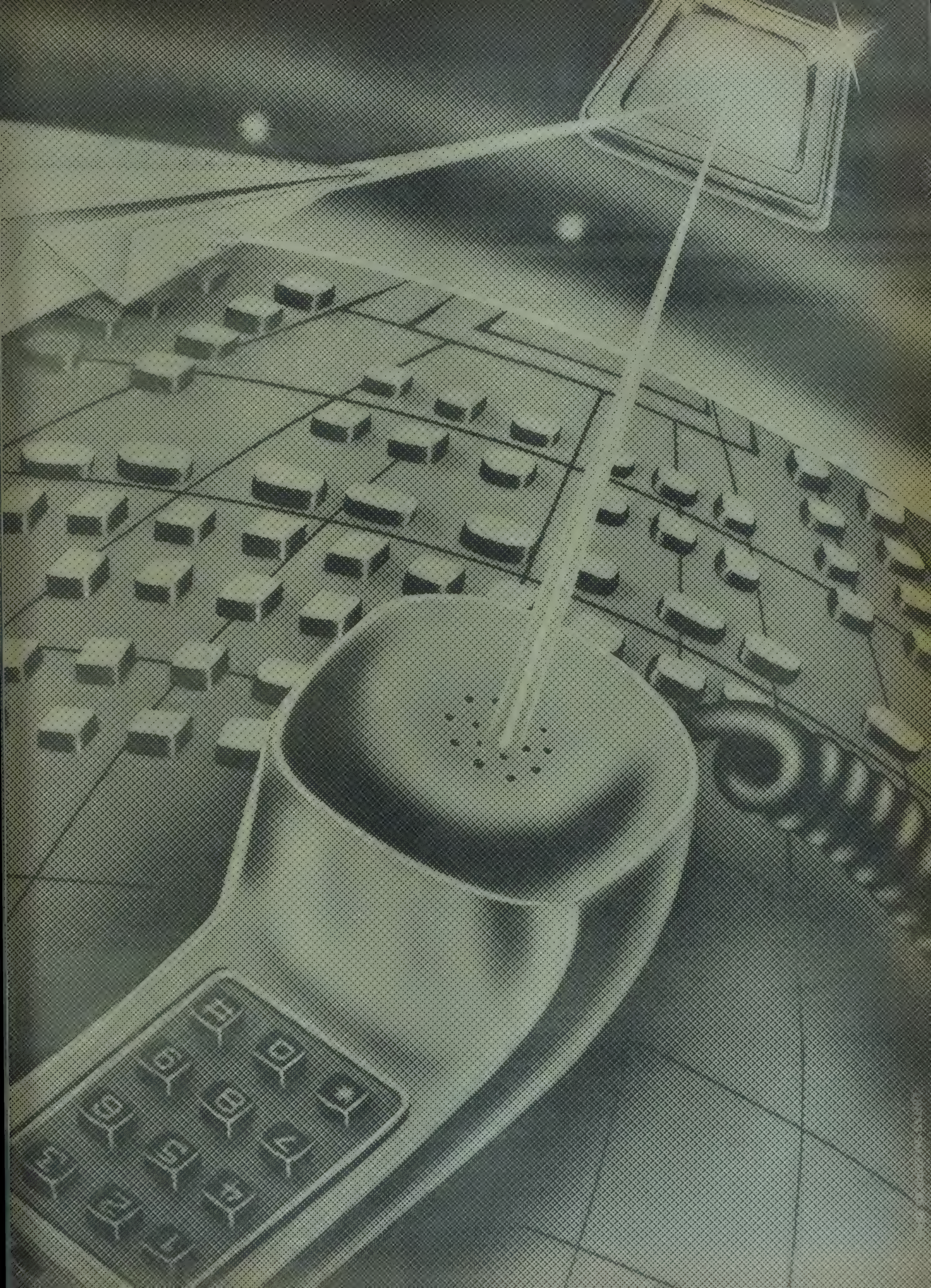

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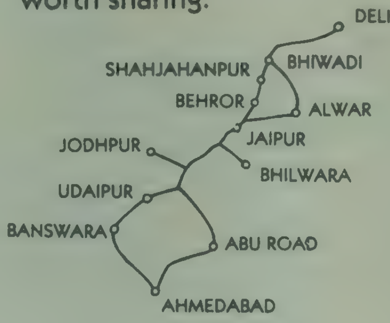
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Sobhagya/191/87

Listening Post

Bajaj pulls ahead in Leyland race

The race to get control of Ashok Leyland still has Rahul Bajaj as the front runner. He has gained a few critical strides, thanks to having found a partner in Fiat of Italy. Fiat is keen to grab Leyland to push its best selling Iveco models further ahead. The other contenders include Cummins, another global truck giant, and a host of Indian aspirants and their proxies. It is understood that C. K. Birla's bid is being routed via his in-laws, the Bagris of London, who can put up enough pounds upfront to pay for the Leyland share.

Bajaj's offer is sweetened further by the fact that an Italian bank is backing the offer and that, since he is only in two wheelers monopoly restrictions may not apply. Other contenders are similarly understood to be working on providing suitable sweeteners. One thing is certain, therefore, that when Ashok Leyland's top management goes to London in the first week of October, there will be no dearth of breathless suitors.

Next round in the Wadia-Ambani bout

With large overcapacities, high raw materials costs, high government duties and the slowing down in growth of market demand, the polyester fibre industry in the country today faces a difficult future. India Polyfibres, the project promoted by Rama Goenka with great fanfare last year, has run aground.

Thus, the Association of Polyester Staple Fibre Manufacturers is pleading for all kinds of reliefs and are also pressing the government for permission to import PTA or DMT at c.i.f. value, exempt from import duties and tied to exports.

It should be mentioned that the cost of polyester staple fibre in India is about four-and-a-half times the price in Japan or the US.

What is most interesting, however, is that Reliance, the newest and largest entrant in the polyester staple fibre industry, is *not* part of the industry association. And the other fibre manufacturers fear that while Reliance is perfectly willing to ride piggyback on the association's efforts to pull the industry out of the mire, it is playing a game of its own.

That is because Reliance will soon be a supplier of PTA, the vital raw material for staple fibre manufacture. The alternative feedstock, DMT, is in short supply, as the floods in Assam have affected transportation to and from Bongaigaon Refineries. The other two producers of DMT — Bombay Dyeing and IPCL — are of course selling all that they can produce. Apparently, Reliance has also been enquiring in the market about buying DMT, both from domestic and international sources. Such pressures can only push up the price of DMT. And the stage would be set for Reliance's entry. For its PTA, Reliance would find it easy to match the prices of the local DMT producers, and still make very good profits. IPCL would be little affected, since its production costs are way below current selling prices. It is Bombay Dyeing which may suffer the most.

Parle vs Pepsi

The Punjab government is said to be evaluating an application from a group of Punjab-based investors to set up a giant Rs 22-crore fruit and vegetable processing plant in collaboration with the Parle group.

Parle is currently in the midst of a massive soft drinks expansion programme. It has also submitted other proposals, in the area of processed foods. Besides, it has put in considerable effort in New Delhi over the last several months trying to ward off the entry of Pepsi into the soft drinks market in India, where currently Parle is king. Parle's proposal for Punjab involves Japanese collaboration for technology, marketing and exports. Exports do not form a major feature of the proposal, and much is being made by the sponsors of the fact that unlike Pepsi, there will be no "recurrent" import component.

What Parle is not talking about, however is that Pepsi's imports would be tied to exports, and the export earnings would substantially exceed its import bill. Moreover, in the Parle case, Japanese knowhow would certainly involve a foreign exchange outgo. Meanwhile, it is heard that Pepsi may make substantial changes in its original proposal, which might make it more favourable for India. Given the political controversies surrounding the matter, it would be interesting to see the outcome of the Parle-Pepsi battle.

Waiting for a refined price

While Indian industrial houses are getting in to the oil refinery business (the Tatas in Karnal, the Birlas in Mangalore) foreign companies seem to be wanting to get out of the refinery business in India. The US oil giant Phillips Petroleum, which owns 25 per cent of the shares of Cochin refinery, wants out. Reportedly, the government of India is willing to buy the share Rs 100 face value for about double. But Phillips, which has held in this investment for over a decade, wants a better price.

Will the government permit any private Indian investor, resident or non-resident, to take over these shares?

Step on the gas, please

With the pressure that drought relief is putting on the central government's finances, new capital investments are being postponed.

But ongoing capital expenditure, some of which cannot be planned in advance, is necessary if ONGC is to continue to grow. In fact, some financial analysts find it curious that the government is not tapping these huge resources.

The ONGC is expected to make significant breakthroughs in two Southern regions, the Cochin offshore areas, which may well prove to be another Bombay High. Also the Krishna-Godavari basin, which has yielded a huge quantity of gas and also some oil, is expected to pick up as a major production centre in the near future. Such a bonanza is bound to help significantly in easing the government's finances, since the government has not really counted on finding large quantities of new oil.

Isn't it time for the government and ONGC to step on the gas?

New networks

A brand new management programme is on the anvil, thanks to the zeal of P. Chidambaram, the Harvard trained minister for personnel. The 15-month course, to be held in an institute at Haryana, is presented in collaboration with the four IIMs, XLRI and AIMS, in association with Harvard University. The target group of 60 participants will include 20 bureaucrats, with some defence personnel, 20 public sector candidates and 20 from the corporate sector, all between 30 and 35 years old.

The *creme de la creme* approach to management education that Chidambaram envisages is aimed, say the course initiators, at spreading the "common philosophy of management across a wide swathe of the country's top managerial talent". While there are those who suspect that even this will not prove adequate to counter the kind of old boy network that the IAS alone currently enjoys, the hope is that this course will give a chance to top managers to forge links that will ensure better coordination between the public sector, the private sector and the bureaucracy.

News and Events

RBI's gloomy prediction

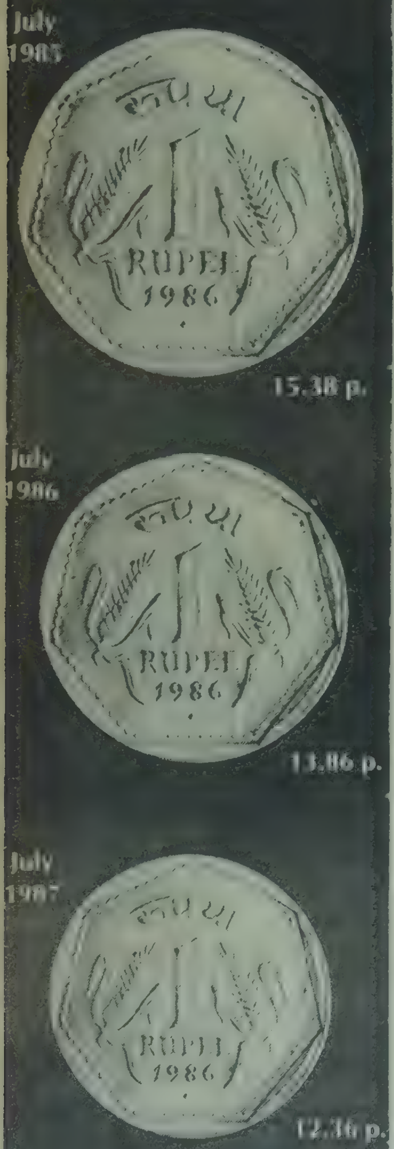
In its latest annual report, for 1986-87, the Reserve Bank of India has forecast a gloomy year for both the industrial and agricultural sectors. The drought besides causing a sharp decline in agricultural output, will also strain the finances of the government because of relief expenditure. The likely deficit in power production would hit the performance of the industrial sector.

The performance of industry will also be hampered on account of reduced availability of raw materials and a decline in demand. As such the prospects for growth in 1987-88 are not bright, though rains in late August and September would have a beneficial effect especially on the winter crop.

Against this background, the price situation needs to be managed carefully. During the last year inflationary pressures were already pronounced. Prices rose by 8.8 per cent in 1986-87 against 6.4 per cent during the previous year.

The report also highlights the continuance of large budgetary deficits on the revenue account which have been financed by surpluses of the capital budget. Thus development expenditure is being curtailed because of diversion of resources to finance current expenditure.

Rupee value declines



According to the Labour Bureau's consumer price indices for industrial workers (base 1960), the value of the rupee has steadily declined in terms of the index for food items.

Budgetary deficit will increase by Rs 975 crores

According to the National Council For Applied Economics Research, the budgetary deficit will increase by Rs 975 crores. The council revealed that further deficit financing is necessary to fund the release of foodgrains for drought relief work and considers that the impact will be positively beneficial to the economy.

The government would need to release 8 million tonnes more of foodgrains from its stocks to mitigate the effect of the drought. Though the operation will cost Rs 1,500 crores, NCAER has estimated that the central budgetary deficit will rise by only Rs 975 crores.

Government to raise Rs 650 crores by cuts in spending

The central government has announced a series of measures to redeploy resources worth Rs 650 crores to fight drought. According to a finance ministry release, the travel budgets of all ministries have been reduced by 10 per cent. Ministries have also been advised against hosting official lunches, dinners and receptions.

Festivals, fairs and exhibitions for which firm commitments have not been made have been postponed till the end of the current financial year. An attempt will be made to ensure the cost effectiveness of even publicity and publications on drought.

Grain output for 1987-88 will be under 140 mt

The production of foodgrains for the year 1987-88 will be in the range of 135 to 140 million tonnes, according to Srinivasa Sastri, secretary, department of agriculture and co-operation. This, he said, was not a significant shortfall and would be further reduced if the rabi crop was good. Speaking on the economic impact of drought at a discussion organised by the Indian Chambers of Commerce and Industry in New Delhi, Sastri pointed out that the drought was most intense in Gujarat, followed by Rajasthan, western UP, Haryana and Punjab. He, however, added that the recent forecast on the crop prospects for MP and Maharashtra was "a silver lining."

Sastri conceded that the drought would most affect industries like cotton, oilseeds and sugar. However, he said, industries manufacturing drilling equipment would benefit if the government allocated funds for drilling operations.

All states agree to scrap octroi

All states have agreed in principle to abolish octroi and levy a one-time motor vehicle tax at the time of purchasing the vehicle. Union minister for surface transport Rajesh Pilot told newsmen that these decisions were made at a meeting of the transport development council. Pilot said that transport and PWD ministers of states which have not yet abolished octroi have agreed to take steps immediately to do so. The centre has suggested that an alternate method for raising revenue would be to levy a surcharge on sales tax or to impose an entry tax.

200 Sivakasi units sealed

More than 200 fireworks factories in Sivakasi have been sealed by the Central Excise authorities because excise duties have not been paid. According to A. Asaithambi, joint secretary of Tamilnadu Fireworks and Amorces Manufacturers Association, more than Rs 15 crores worth of fireworks have thus been held up in magazines. More than 60,000 people would be rendered jobless if the step was not rescinded immediately, he said.

15 per cent of rural India without banks

A study by the National Bank for Agriculture and Rural Banking has shown that 15 per cent of the country's rural areas had no banks till the end of last year. This is despite the establishment of 194 regional rural banks which had in turn opened 12,838 branches covering 351 of the 424 districts in the country.

Tiwari for widening tax base

Addressing the 23rd Central Tax Advisory Committee, union finance minister N. D. Tiwari called for the widening of the tax base to bring more assessees within the tax net. He also called for a simplification of the tax laws and measures to make the tax structure more progressive. He urged tax collectors to increase revenue collection to meet the expenditure on additional assistance to states affected by drought and floods.

New line of credit for ICICI

The Commonwealth Development Corporation of the United Kingdom has extended a line of credit for £10 million to the Industrial Credit and Investment Corporation of India. The credit is for 12 years to be drawn down in 24 months. The rate of interest is 8.5 per cent on a fixed basis. while ICICI would lend to Indian borrowers at 10 per cent. The loan is not limited to British exports and can be used for other foreign currency needs of borrowers.

New water policy finalised

The national water policy finalised recently declares that water should be considered and used as a precious national asset, and planning and development of this resource should be governed by national perspectives. The policy was adopted at the second meeting of the National Water Resources Council and treats the river basin as the basic unit for planning and for development projects. The policy gives high priority to provision of drinking water in multi-purpose projects and suggests an integrated approach to the planning and formulation of projects including the management of the catchment areas.

Customs tribunal to be established

Union finance minister N. D. Tiwari said that the government had decided to establish a customs and excise tribunal to hear appeals against the decision of collectors.

The tribunal is to be set up under Article 320 (B) of the Constitution, which will restrict appeals to the high court.

Tiwari expressed concern over the increasing number of appeals concerning the customs and central excise departments. The number of outstanding appeals was as high as 10,000 in the customs department and over 7,000 in the excise department.

ASSOCHAM to collect funds to fight drought

The apex advisory council of the Associated Chambers of Commerce and Industry, which met recently under the chairmanship of J.R.D. Tata, has urged ASSOCHAM members to contribute at least one per cent of their pre-tax profits to a drought-cum-flood relief fund which has been established by the body.

The council said the proceeds would be used for relief work and co-ordination with the government and voluntary organisations. The council has also decided that the organisation should approach the concerned agencies in the region and offer management support for relief works.

The council has urged that every effort should be made to contain the price rise. The constitutent chambers should set up their own self-regulatory committees for holding the price line.

IL bags order from Madras Refineries

The public sector Instrumentation Limited (IL) has bagged a digital distributed control (DDC) system order worth more than Rs 13 crores from Madras Refineries Limited for its expansion project.

Under the contract, IL will supply three distributed control systems based on its latest ST ardic-247 system for refinery power plants.

New pest control chemical introduced

Coromandel Indag has introduced a new pest control which the company claims is absolutely safe for humans and animals but deadly for insects.

The company will import dimilin, the chemical to be used for the insecticide, from Duphar of Holland. According to James Fredrick, managing director of Coromandel Indag, dimilin is not a killer chemical. It only brings about a change in the metamorphosis of the insects. It also acts at the egg, larvae and pupal stage by preventing moulting and causes sterility in adult insects.

Multiwall paper sacks to be made in Balasore

Multiwall paper sacks will soon be available as an alternative packing to the jute or the HDPE woven sack. BZA Sacks Ltd, part of a Calcutta group, is setting up a project to manufacture multiwall paper sacks in the no industry district of Balasore, Orissa.

The project cost is estimated at Rs 7.2 crores, of which the financial institutions will be providing Rs 4.73 crores, including a foreign exchange component of Rs 2.4 crores.

The technical knowhow for the project, product design, market seeding and other assistance will be provided by DRG Sacks of UK. DRG is also taking part in the equity capital to the tune of Rs 10 lakhs. The Indian promoters will be contributing Rs 76 lakhs, the Industrial Promotion and Investment Corporation of Orissa Rs 30 lakhs and the rest will be raised from the public.

BEL introduces miniature TV tubes

For the first time in India, the Bharat Electronics Limited (BEL) has introduced miniature 4.5 inch monochrome TV picture tubes.

The rectangular tube, with a flat view screen area, weights only 250 gm. The midget TV sets can be used on table tops in offices and houses and also cars. They will have a built-in antenna and can be operated either on the mains or from a car battery pack.

The company is reported to have already received an order for 50,000 tubes.

BBC-HBB bag Anta project worth Rs 208 crores

The National Thermal Power Corporation Ltd (NTPC) has awarded BBC Brown Bovery AG, West Germany, and Hindustan Brown Boveri the Rs 208 crores turnkey contract for the 435 mw gas based combined cycle power plant at Anta (Rajasthan). This plant will be one of the first three large combined cycle power plants to be built in the country.

The power plant, to be erected at Anta, 600 kms south-west of New Delhi, comprises three BBC gas turbines with a capacity of around 95 MW each and one 150 MW steam turbine generator. Fuel for this gas based power plant will be fed from the HBJ (Hazira-Bijapur-Jagdishpur) pipeline and water requirements of the power house will be drawn from the Kota Right Bank Canal.

The electricity generated in the Anta power station will be fed to the national power grid and promote the region's economic development.

Large CDC loan for India

The Industrial Credit and Investment Corporation of India Limited (ICICI) has signed an agreement for a loan of 10 million pounds from the Commonwealth Development Corporation (CDC). This is the first such loan made by CDC for financing projects in India. The proceeds of the loan will be utilised in the fields of industry, commerce and basic development such as power, water supply and telecommunication, in projects with a foreign currency component of up to 1 million pounds. The loan will be for a period of 12 years and will carry an interest rate of 8.5 per cent per annum.

CDC, established in 1948 as a statutory corporation in the UK, provides assistance for projects in developing countries. While its main area of assistance is the Commonwealth countries, CDC has also extended assistance to non-Commonwealth countries such as Indonesia and Thailand.

Oswal takes over sugar complex

Oswal Agro Mills has taken over Jagatjit Sugar Mills Company Limited.

In the first phase of the modernisation and expansion programme, the capacity of the sugar mill will be increased to 4,000 mt per day from the present capacity of 1200 mt per day. It is proposed that the bye-product, molasses, be utilised to produce 60,000 litres industrial alcohol per day. The company proposes to use the alcohol to manufacture vinyl acetate monomer, polyvinyl alcohol and polyvinyl acetate.

The modernisation and expansion of the sugar mill and setting up the facilities to manufacture the chemicals will involve a capital outlay of Rs 50 crores.

The company is also setting up a project for the manufacture of 10,000 tpa of methyl diphenylisocyanate (MDI) in the joint sector. There is no other manufacturer of MDI in the country. The chemical is used for the production of polyurethane.

Kinetic's moped output touches one million

Kinetic Engineering Limited, manufactured its 1,000,000th Luna (ie 10 lakhs) during September 1987 at its Ahmednagar factory. As a gesture of goodwill, the 1 millionth Luna was handed over to the National Society for Equal Opportunity for the Handicapped by Ramakrishna Hegde, chief minister of Karnataka at a function held in Bangalore on 14th September.

Nagarjuna erects geodesic dome for Mysore Cements

Nagarjuna Coated Tubes Ltd has recently erected a fully tubular geodesic dome space structure with a diameter of 88 metres at Mysore Cements Ltd in Amasandra in Karnataka.

Space structures of this kind are getting popular the world over and can be economically used for storage, as godowns, as airport hangars, coal handling plants, steel plants, in the cement industry, etc.

Indigenous development in micro-electronics

Micropack Ltd and Minicircuits Ltd, two sister companies promoted by Vedu Mitter, a circuit technologist, have indigenously developed for the first time sophisticated multilayer printed circuit boards and multilayer hybrid micro circuits, catering to a widely dispersed clientele.

The companies have international approvals and have bagged prestigious awards like the Elcina award for import substitution. Micropack is recognised by the ministry of science and technology as an independent R&D centre. It is conducting research in advanced technologies like surface mounted assemblies and membrane switches.

Khandelwal Herrmann ties up with Gold Star

Khandelwal Herrmann Electronics Limited, which manufactures semiconductor devices, has entered into a technical collaboration with the Gold Star Co Ltd of South Korea, to produce diode split transformers and deflection yokes for the Indian television industry. The government has approved the collaboration agreement.

The cost of the project is around Rs 8 crores for a capacity of 2 million pieces of components. These components will be manufactured at the company's Pithampur factory where its semiconductor power devices plant is located. The production of diode split transformers and deflection yokes is slated to begin at the end of 1988.

MTNL earns high revenue

The Mahanagar Telephone Nigam Limited (MTNL), set up as a corporation on 1 April 1986 to improve the telecommunications facilities in New Delhi and Bombay, earned Rs 543 crores in 1986-87, almost Rs 70 crores more than the budgeted Rs 474 crores.

This additional income was generated by better call completion rates which in turn was the result of improved performance by employees at all levels. The staff are being motivated through training programmes, meetings and official appreciation of their work. An incentive scheme has also been introduced for operators at the Trunk Manual Exchanges and Special Information Services.

MNTL expects to maintain the tempo of growth in the current year. The earlier revenue target of Rs 630 crores for 1987-88 has now been upgraded to Rs 680 crores — an increase of eight per cent.

MNTL is also contemplating a further bond issue to raise resources for telecommunications. This issue, tentatively slated for December 1987, aims at raising Rs 300 to Rs 350 crores from the market, primarily for the Department of Telecommunications, to develop and upgrade telecom services all over India.

Car rental Big Two to enter India

The car rental business in India is expected to get a shot in the arm soon with the government's recent decision to permit two world leaders in the field Hertz and Budget-Rent-A-Car to enter the country. Budget is teaming up with Sapna Travels & Leasing Company, while Hertz has appointed Travel Corporation of India as their local franchisee.

Iraqi cement plant contract for Tatas and ACC

Tata Exports Ltd and Associated Cement Companies have jointly bagged an Iraqi contract to operate and manage a one million tonne cement plant for two years. The deal, worth nearly Rs 13 crores, is the second of its kind the companies have worked out in Iraq They have been running a similar plant in that country since 1982.

Tata Electric's boiler drum in place

The 225 tonne boiler drum for Tata Electric Companies' 500 mw replacement unit at its Trombay thermal power station was hoisted to its final position recently. The boiler drum has been manufactured by Bharat Heavy Electricals Ltd at its Trichy works.

This marks an important milestone in the construction programme of the 500 mw replacement unit which is based on clean fuels, viz, associated gas from the Bombay High offshore shelf and low sulphur heavy stock (LSHS) from the adjoining refineries at Trombay.

Jaiprakash Industries bags Sardar Sarovar project

The Gujarat government has signed an agreement with Jaiprakash Associates, the engineering division of Jaiprakash Industries Ltd, to work on the Rs 320 crore Sardar Sarovar (Narmada) Dam. This is said to be the single largest job of this nature ever awarded in the country. Jaiprakash Industries bagged this World Bank-aided job against international bidding.

Ramada to build in Goa

The world's third largest chain of hotels, the Ramada group, is planning to set up a 140 room resort hotel in Goa. The Ramada Resort Hotel will be built on a 20 acre beach front property on Colva beach close to Margao, Goa's commercial capital.

The Ramada group of hotels has entered into a joint venture agreement with Sunder G. Advani, the group's South Asia representative, to promote the hotel in Goa.

New look ads at Bombay airport soon

Aaren Advertising Pvt Ltd, has acquired exclusive advertising rights on long term basis at the domestic and international airports of Bombay, with immediate effect. Aaren has a tie-up with Primesight Aviation Media Limited, UK, world leaders in airport advertising for over 38 years having exclusive links with airport authorities at over 200 airports round the world. Jointly with Primesight, Aaren has designed and plans to install innovative, exciting and effective displays in the interiors and exteriors of the airport complexes.

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STATUTORY WARNING
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Premium Shirtings by VIMAL

New heat treating furnaces in the market

Fluidtherm Technology Pvt Ltd of Madras has pioneered the manufacture of fluidised bet heat treating furnaces, which are claimed to be four to 25 times faster than conventional furnaces, besides being more economical. Fluidisation is the technique of making a bed of sandlike particles behave like a liquid, which has the ability to operate anywhere from subzero to 1,200°C.

Zenith introduces desktop mini

Zenith Computers Ltd has introduced an 80386-based minicomputer to the Bombay market. Called the Zenith X.386, it is offered for end-users at around Rs 1.50 lakhs only. The price includes the main system with one Megabyte of main memory, 40 megabytes of hard disk storage and four interactive user terminals.

The Zenith X.386 can support up to 13 interactive terminals connected with it and run all current programs between 5 and 10 times faster, the company says. Typical users would include large public and private sector companies, the Government, educational institutions, scientific laboratories, banks, service organisations and others who seek multi-user, multitasking capabilities for their work.

Zenith Computers expects to cross the Rs 20 crores turnover mark in the current year.

Duropack to make high-barrier film

Duropack Ltd is putting up a plant to manufacture high-barrier five-layer co-extruded film near Delhi in Haryana in a centrally notified backward area. The plant will have a capacity to manufacture 900 tonnes per annum of film. The major part of plant and machinery is being imported from Paul Keifel of West Germany, world famous for co-extrusion machines.

The plant would be capable of manufacturing the film in one single operation using four different materials. The film can be designed and used for packaging a wide range of products like dairy products, edible oils, vanaspati, lubricants, meat, marine products, fruit pulp, snack foods, juices, dry fruits, spices, pickles, beverages like tea and coffee, drugs, tobacco, and other products in which the retention of aroma is important. The film will offer high barrier properties of oxygen and water vapour transmission, excellent heat sealability, high bursting strength and puncture resistance, says the company.

The company also proposes to have an in-house four-colour rotogravure printing machine to provide printed, ready-to-use film to the consumers. The demand for co-extruded multilayer film is over 20,000 tonnes the company says, and is expected to grow at a rate of 20-25 per cent per annum.

Thomas Cook appointed agents for ORBIS

ORBIS, the state-owned national tourist agency of Poland, has appointed Thomas Cook (India) Ltd as its promotional agents in India.

Thomas Cook recently inaugurated a new office at Sahar to handle its cargo operations. The company's operations are headquartered in Madras with a branch in Bangalore. It plans to expand its cargo operations to Delhi, Calcutta and other important centres in India.

Events

- FOODEX 88, the international food processing and packaging technology/equipment exhibition, will be held from 22-26 November 1988 in Manila. For further information contact: AVP Expositions Co Ltd, 1201 Nan Fung Center, 264-298 Castle Peak Road, NT, Hong Kong.
- The International Management Film Festival is to be held on 29 and 30 September at the Nehru Science Centre, Worli, Bombay. For further information contact: Ajay Kanwal, Prin L. N. Welingkar Inst of Management Development & Research, 195, Sion (E), Bombay 22.
- Interstoff, the international trade fair for clothing textiles will be held from 27 to 29 October 1987 in Frankfurt. For further information contact: Messe Frankfurt Rep for India, c/o Indo-German Chamber of Commerce, 2-B Vulcan Insurance Bldg, Veer Nariman Rd, Churchgate, Bombay-20.
- Microcomputer Users' Club is organising Microfair III on 13 and 14 November 1987 at Ambassador Hotel, Bombay. For further information contact: The Hon Secy, 38 N.S. Patkar Marg, Bombay 7.

Diary

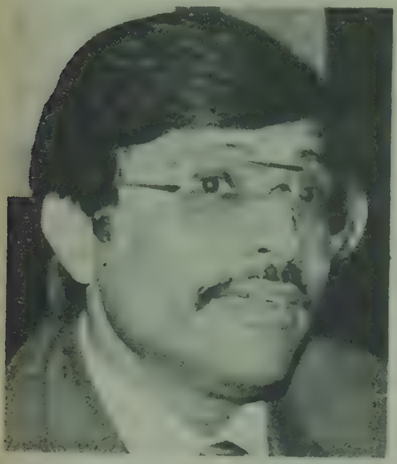
Date	Subject	Organiser	Venue
13-26 Sept	**Advanced Management Programme**	International Management Institute India (Tel: 312913/322641)	Hotel Clarks Shiraz, Agra
21-26 Sept	**Production Planning and Control**	Tata Management Training Centre (Tel: 60141/65381/65472)	Centre premises
25-26 & 27 Sept	**Human Resources Management**	Institute of Public Relations and Management (Tel: 479217)	Hotel Windsor Manor, Bangalore
22 Sept	**Seminar on Loss Prevention in Materials Movement**	Loss Prevention Association of India Ltd, Bombay (Tel: 255215) Indian Institute of Materials Management, Bombay branch	Hotel Taj Mahal Intercontinental, Bombay
26 Sept	**Marketing Effectiveness through Territory Management**	Bombay Management Association (Tel: 2047650/2049698)	Leela Penta Hotel, Bombay
5-10 Oct	**Spare Parts Management-13**	Administrative Staff College of India, Hyderabad (Tel: 36952, 36956)	College premises
8-10 Oct	**Textile Engineering — Synthetic Fibres in Indian Context**	Engineering Staff College of India, Hyderabad (Tel: 229666)	Institution of Engineers (India) Delhi State Centre
9-10 Oct	**Workshop on Better Time Management**	Crave Services, Bangalore (Tel: 572779/560332)	Windsor Manor, Bangalore

Businessmen in the News

Dream scheme

Just at a time when people have begun wondering about the future of holiday resort schemes in India, Lalit Sheth, chairman and managing director, Raj Travels, which had gross sales of over Rs 10 crores last year, has also announced his own holiday resort scheme. "Unlike other holiday resort companies, we do not want to get into the business of building and developing resorts. Instead, using our clout and connections, we intend wresting discounts from hotels and car fleet owners and passing them on to our customers," Sheth explains.

"We offer — for just Rs 9,999 — three holidays of three days each, three times a year for three consecutive years. And not just for one individual but for a family of four — two adults and two children below 12 years of age," he says. Members would have a choice of 101 hotels and resorts belonging to chains like Ashok, Taj, Oberoi and Welcomgroup spread over 51 tourist centres in the country. The scheme includes half a day's sightseeing (in a Mercedes car at seven destinations and in an Ambassador car at other sites) and up to a 20 per cent discount on food and beverages.


Sheth: a new holiday package

Snappy shot

Fazalbhoy: first, and more firsts

For all those passport-size photograph hunters who wanted their snaps yesterday, one-hour prints are now obsolete. Photophone Industries' chairman Abdul Fazalbhoy, of Hot Shot fame, has launched In a Snap, a four-lens camera that offers four colour or black-and-white snaps on Polaroid film, all in a minute. "With the introduction of one-minute photography, Photophone has one more first to its credit," he says.

Photophone, which has a tie-up with Polaroid Far East Ltd, a wholly-owned subsidiary of Polaroid Corporation, US, for the camera, has already signed up with 40-odd studios in Bombay which will offer one-minute snaps priced at Rs 25 for four. At Rs 15,000 for each camera, Fazalbhoy does not hope to sell more than a thousand pieces in the first year — the meat is in the sales of Polaroid films.

"We hope to sell about two million pictures in the first year, covering four or five major cities," says Fazalbhoy. "And in three to four years' time, we expect this to go up to 20 or 30 million pictures. Our long term plan is to sell about 70 million pictures." With applications in identity cards, driving licences, job applications, passports and the like, the market is no doubt, large.

Fazalbhoy is also offering frills — the studios are being equipped with machines to provide tamper-proof identity cards with the one-minute snaps.

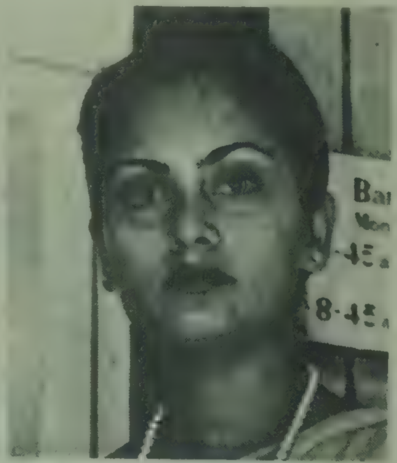
The company has also launched the Mini Hot Shot, which is claimed to be the "smallest commercially produced camera in the world". Priced at Rs 75 a piece, the trendy camera is easily the cheapest available. And another first for Fazalbhoy.

All round gain

Like almost everyone in Hongkong Bank, Ratna Kakkar, the bank's branch manager in Bombay, has every reason to feel elated. Hongkong Bank stole a march over its closest rival, Citibank, this month in being the first to install automated teller machines (ATMs) in India. And the branch of which Kakkar is manager is one of the first such centres to have the ATM.

"In the first phase we will install four ATMs in Bombay, four in Calcutta and two in Delhi," Kakkar says. "However, in a short while Hongkong Bank is planning to introduce ATMs in all of its 21 branches all over India," she says.

"For the time being we allow customers who have a minimum deposit of Rs 10,000 with us to avail of ATM facilities, allowing each of them to withdraw up to Rs 3,000 a day, at any time throughout the year," Kakkar explains. The offer is limited because each machine costs Rs 15 lakhs, and in addition there are as yet unspecified recurrent expenses.


Kakkar: all for the customer

"We are not expecting the ATMs to pay for themselves," she explains. It is more a customer service. Within a year, each branch with ATMs should have a 5,000 to 10,000 customer base, she says.

But market sources point out that the real advantage in introducing ATMs is that banks will be eligible for a 100 per cent tax write-off for the amount spent on them. This plus deductions on account of depreciation should get the bank a higher post-tax profit than before.

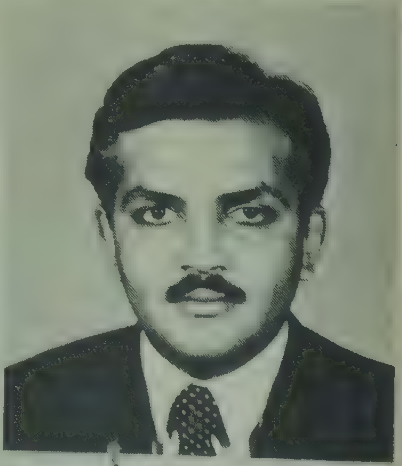
New ventures

"This is the first time in India that cellulose acelate (CA) multilayer sheets and polycarbonate (PC) sheets will be manufactured in India," says Chintan Parikh, director, Navdeep Polymers Ltd, which is now going to manufacture these products. "Till now we've been engaged in the processing of polyester filament yarn," he adds. "This activity alone generated sales of Rs 6 crores last year; but with these new products our sales should escalate to over Rs 13 crores."

Hitherto, around 1,200 tonnes of CA sheets have been imported every year into India to feed the demand from spectacle frame manufacturers. The same is true of PC sheets, 100 tonnes of which are estimated to have been imported last year to cater to the need for shatterproof, toughened glass-like sheets from defence, automobile, construction, electronic and other sectors.

"We intend to cater to only part of this demand by producing a total of around 500 tonnes of CA and PC sheets every year. The plant, being set up in technical collaboration with General Electric Plastics of Holland and Omipa SPA of Italy, on exclusive terms for India, and will cost us Rs 3.5 crores," Parikh says.

According to him, production is expected to begin this month end and in October Navdeep Polymers plans to raise Rs 52.36 lakhs, a


Parikh: confident of success

part of the total equity of Rs 1.13 crores, from the capital markets.

Steady growth

"In spite of power cuts in Andhra Pradesh for four months, and the general slump in the cement industry, our company has done remarkably well," says M. B. Raju, chairman, Deccan Cements Ltd (DCL). "Sales figures increased from Rs 9.8 crores to Rs 11.3 crores last year. Now we plan expanding our capacity from 99,000 tpa to 1,23,000 tpa. As a mini cement unit that went public in 1981, and has paid dividends throughout, we have reason to feel proud."

Raju expects profits to be higher in the coming years on account of the newer technology the company is importing from Onodo Engineering Co Ltd, Japan. "With this we will become the first mini cement plant in India to incorporate the latest precalcination technology. The full benefit of the increased capacity and lower fuel costs will give us a cost saving of over Rs 18 a tonne," he adds.

Raju: mini matters

Simultaneously, DCL will also be promoting a Rs 128-crores PFY project near Nagpur in technical collaboration with EMS Inventa, Switzerland. "What is unique about it is that the Asian Development Bank, in its first equity investment and direct loan to a private enterprise, will participate in our PFY project — it will contribute 21 per cent of the project cost and 10.3 per cent of the equity capital," Raju adds.

Batra: a different approach

Return to nature

The world over, homeopathy is being recognised as a safer and more effective alternative to allopathy, according to Dr Mukesh Batra, a homeopath of 17 years' standing and chairman of the Bombay based Holistic Remedies Pvt Ltd. "It is only in India that some people think that homeopathic and natural remedies are old-fashiond ideas," says Batra, whose company has just launched a range of six medicines for common ailments, imported from Bioforce of Switzerland.

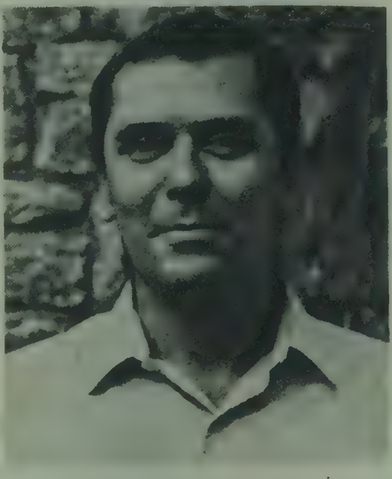
"In the rest of the world, pathbreaking new research is taking place that will soon alter our perception of healing techniques," says Batra, whose company will have access to Bioforce's existing range of 114 homeopathic products, and also those under research. Batra claims that Bioforce, which is headed by Dr A. Vogel, grows its herbs on private farms, and uses modern research techniques.

"We are launching these products in the hope that they will show the way for different kinds of natural remedies for the treatment of commonplace physical disorders," says Batra, whose company plans to manufacture the drugs in India by the turn of the decade, with collaboration from Bioforce. That should also help to bring down the price of Holistic's over-the-counter drugs, which are currently priced at about Rs 40 for a 30 ml bottle.

Introducing the 3AT6

"Aurelec's 3AT6 computer is an exciting machine which puts the equivalent of the computing power of a mainframe in a desk top," explains Kalya, chief executive, Aurelec Data Processing Systems. Equipped with a rating of 2 MIPS (million instructions per second), "this 32 bit computer, which finds its application mainly in computer aided design, desk top publishing and scientific applications, is the most powerful tabletop computer in India today," he claims.

"The 3AT6 is designed to be easily expanded in capacity," explains Kalya. It can handle a minimum configuration of 3 megabyte of memory and 40 megabytes of hard disk storage to about 32 megabytes memory and 1 gigabyte disk storage in today's maximum configuration. "But its potential is upto 4 gigabyte memory and 64 terabytes of virtual memory in future," he adds.



Kalya: better and faster systems

The 3AT6 "heralds a step into the next generation of computers," for Aurelec which began its operation in 1980 with 8 bit single user systems. In 1984, it installed its first 16 bit machine, the Orion professional, followed by the 2AT6, "which continues to be the fastest PC/AT compatible system in India". The company introduced the first closely coupled Local Area Network (LAN) in August 1983, followed by the Superlan in March 1986.

Fish: working for the homelss

Building blocks

Professionalism and ethical standards are rareties in the country's real estate business, and most flat-hunters will testify to that. And last fortnight's visit of Albert Fish, the Canada based world president of FIABCI (International Real Estate Federation), to Bombay, revealed that most Indian real estate brokers would be out of business in a western country.

"To become a real estate salesman in our country, you have to undergo 150 hours of study and pass three examinations," says Fish, who was here to attend the first anniversary gathering of FIABCI's Indian chapter. "And it takes three years of education and two years of experience to become an accredited property appraiser. Most countries have some kind of educational requirements to qualify for real estate broking."

Although the world body has formulated a code of ethics for its members in 44 countries, it does not work out programmes for each country. "Each chapter has to do something for its country," says Fish. But a more immediate problem for him is that of the world's homeless. "The private and public sectors have to work together to solve the world housing problem," he says. "We are working towards an international coalition of all private sector developers, property managers and brokers to chart out a programme." FIABCI's plan includes the organisation of international seminars.

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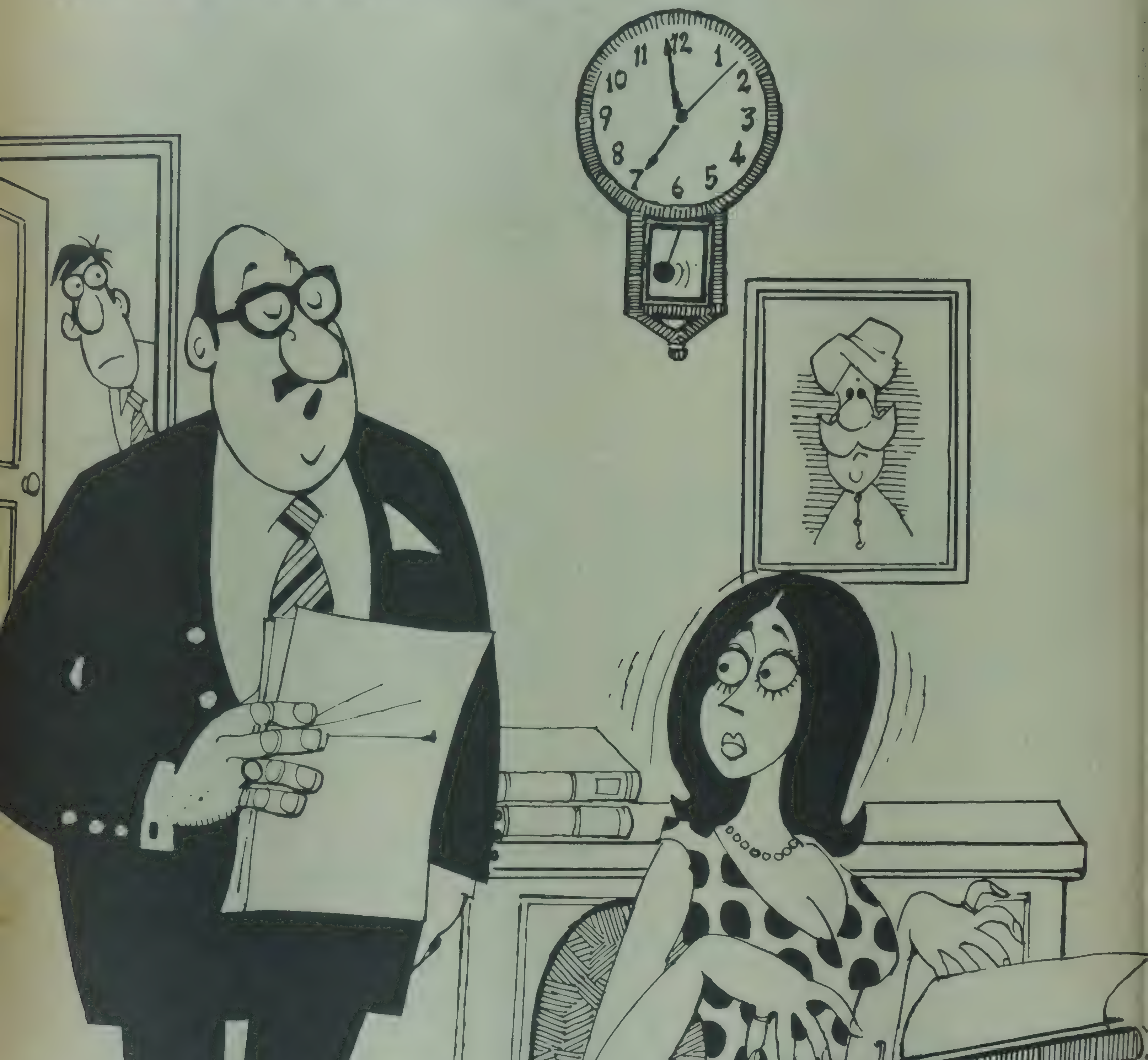

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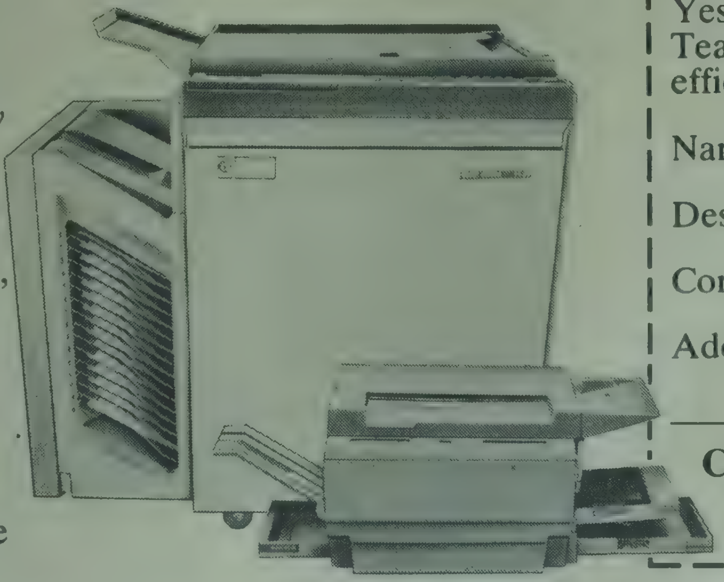

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Business Notes

Electricity

Gujarat's sorry state

Industries in some areas in South Gujarat are likely to stop paying their electricity bills. One reason which is pushing them to take this adamant position is the worsening situation on the power front. The other is that power in Gujarat is the most expensive in India. In May last, the state government increased the tariff to Rs 1.49 per KWH (kilo watt hour) from 99.85 paise. Even at 99.95 paise, the tariffs were marginally higher than the rates in other states — except for Bombay and Pune where tariffs have been higher at Rs 1.11.

Predictably, there was a howl of protest from industry, forcing the government to lower the tariff to around Rs 1.35. But industry isn't satisfied.

The state government's contention is that the additional levy is sorely needed both to meet increasing freight costs for transporting coal to power generating units, as well as to meet costs of capital expenditure for increasing power generation in the state. But industrialists aren't convinced. One angry industrialist asks, "Where is the need for raising tariffs when the same purpose could be achieved by improving efficiency both in terms of power generation and transmission and distribution?"

Plant load factor. Industrialists do have a point. Over the last three years, the plant load factor (PLF) of the Gujarat Electricity Board (GEB) has steadily declined from 55.3 per cent (1983-84) to 53.2 per cent (1985-86), though there was a marginal improvement to 53.6 per cent during the last 10 months. But this is not much. Compared to 67.7 per cent for Delhi, 68.8 per cent for Andhra Pradesh and 64.5 per cent for Tamil Nadu, GEB's performance is miserable, though better than the figure of 50.4 per cent achieved in Maharashtra.

The low PLF is only one side of the problem. Gujarat also has high transmission and distribution (T&D) losses. It increased from 21.4 per cent in 1983-84 to 25.5 per cent in 1985-86. This stands in poor contrast to 14.5 per cent for Maharashtra, 19.2 per cent for Andhra Pradesh and 22.5 per cent for Karnataka. The obvious reason appears to be pilferage of power which the state government has been unable to control.

Chemical industries. The increase in power costs is bound to affect chemical industries most because they are power intensive. This is of critical significance to Gujarat because chemical industries form the backbone of the state's industrial production. "Production of chlorine, for instance, a basic raw material for the chemical industry, is power intensive," says Satish Zaveri, president of the Vapi Industries Association. "Thanks to the hike in power costs, costs of all basic raw materials for chemical industries should escalate by 20-25 per cent." Even in the case of phosphorous (80 per cent of India's requirement for this product comes from Gujarat), costs will rise enormously. "One kg of phosphorous which now costs Rs 21 will hereafter cost around Rs 40," says Rajju Shroff, managing director, United Phosphorous. "Because one product is needed for making another in the chemical industry, costs of chemicals will escalate by 30 per cent across the board," says another industry source. While this may not seriously affect companies which have a dominant market share, others who have competitors in states where power is cheaper will certainly be sorely affected.

Meanwhile the government has placed advertisements in leading newspapers inviting new industries to Gujarat. Complains an industrialist, "when the state cannot meet the existing demand for power, where is the sense in inviting new industries which will need more power?" What is stranger is the state's offer of "power cut exemption for five years" for units located in specified backward areas.

H. R. Patankar, principal secretary of the industries, mines and energy department, Government of Gujarat, however, is on record defending the government's invitation to new industrialists. "The power requirement for these (new) industries would be so small that it will not have any adverse impact on the availability of power for industries in other parts of the state." Whether this view will hold true when the units become bigger remains to be seen.

Nor is it likely that Gujarat will have sufficient power by the end of the Eighth Five Year Plan. Estimates given by Sanat Mehta and Sukhdev Mehta of the Gujarat Foundation for Development Alternatives point out that even government estimates project additional power requirements by this period to be around 4,758 MW annually. However, schemes still awaiting approval from the Planning Commission (and under the scrutiny of the Central Electricity Authority) envisage additional generation of just 4,290 MW. The only hope is that even if these projects get implemented on time, as also the timely completion of the Kakrapur Atomic Power Project (likely to provide Gujarat 470 MW annually) and the Sardar Sarova Project on the Narmada (which should give the state another 232 MW a year), the situation on the power front could get critical.

In any case, Gujarat, which was number 2 in industrial development in India a couple of years ago now seems to have run out of steam. Already, it has slipped to the number 6 position.

R. N. BHASKAR

Cities

The de-greening of Calcutta

It is becoming increasingly evident that Calcutta's civic amenities have sharply deteriorated since the sixties, along with rapid contraction of its green space. Large chunks of the maidan — the one time vast open space situated right in the heart of Calcutta — have already been gobbled up by the metro railway authorities, while on the eastern side, Calcutta's greenery is merely a shadow of its former self after hectic urban development activity.

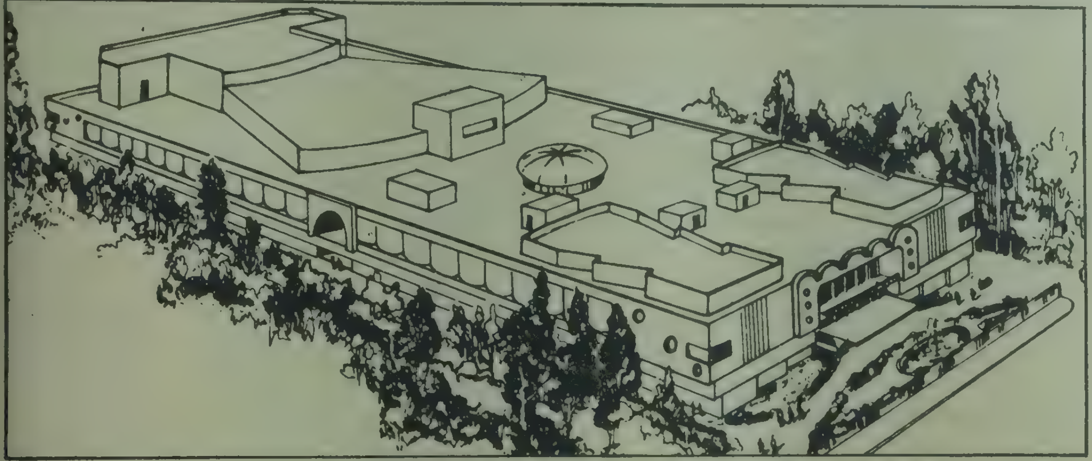
And now, to top it all, the city's myopic municipal corporation has decided to touch the 200 odd parks and squares it is supposed to maintain, by handing them over to private developers. They will be used for the construction of commercial complexes which are ostensibly expected to yield revenue to the corporation.

The latest casualty at the hands of the Left Front dominated Calcutta Municipal Corporation is Rawdon Square — a prime piece of land measuring 12,302 square metres situated in the city's posh Theatre Road area. The plot, which consists of a tank and a garden, is being handed over amid much controversy to H. K. Sen and Associates, a private firm allegedly backed by Arun Bajoria, a local jute magnate, for the construction of a Rs 25 crore cultural-cum-commercial complex, consisting of five auditoriums with a seating capacity of 5,000.

While it is strongly debatable whether the city needs five auditoriums in the first place, and that too in a location which is totally inaccessible by bus or tram, public sentiment continues to run high over this deal, which has been described as "underhand, and moreover one which violates every rule in the book, including the Town and Country Planning Act".

While the Corporation itself is divided over the issue, with the opposition led by Congress-I leader Shiv Kumar Khanna, member, Mayor-in-Council, making political hay over what he calls the ruling Left Front government's intention to sell Calcutta to private profiteers or local Marwari businessmen, a critical press has also levelled its fair share of charges at the government, which include nepotism and the violation of the city's land use plans.

This is, however, not the first time that the government and the corporation have obliged local businessmen. A few years ago, a similar controversy had ensued over the government's decision to hand over yet another piece of valuable real estate — Satya Narain Park — situated bang in the middle of the city's largest wholesale trading mart — Burra Bazar area. It is reliably learnt that the park,



Courtesy: The Telegraph

Rawdon Square: a rare open space How the square will be built over?

which was handed over for developmental activities, is being sold at sky-high prices comparable to those prevailing in Nariman Point, Bombay. Realtors estimate that the Rawdon Square property itself should be worth several crores. Apart from Rawdon Square, the corporation also had sought proposals (through a tender issued) to develop Leonard Square at Hastings and the property at its centrally located registration office.

The Rawdon Square project is not only seen as a symbol of the city's disappearing green areas but has also come in for a good deal of flak for going against the Calcutta Metropolitan Development authority's (CMDA's) development plan for the area.

According to the authorities, the ostensible reason for handing over Rawdon Square is the corporation's own resource constraint. As of now, the Calcutta Municipal Corporation (CMC) can meet only half its expenditure on its own. According to the civic authorities, the project would not only present the "state" with five new auditoriums, but ensure a revenue of Rs 5 crores every year as service charges from the commercial complex.

However, indignant observers point out that while the corporation is talking in terms of raising revenue, they have yet to fully utilise the existing resources at their disposal. The property tax in the city is amongst the lowest in the country and the corporation has made no effort to activate the existing revenue collection machinery.

As any discerning observer can see, in effect the terms of the agreement favour the promoter rather than the corporation. As per the existing plan, 2,25,000 square feet of space is being earmarked for the commercial complex. Residential property in the area is going for Rs 700 to Rs 1,000 per square foot, and commercial development has a premium. Estimates have been made that the promoters would be able to mop up in excess of Rs 50 crores, while their cost would not exceed Rs 25 crores (the cost of constructing the auditoriums).

How far these estimates are realistic may be debated, but the corporation stands to gain by the way of revenue a paltry rent of Rs 30 per square metre inclusive of the service charges. Besides, the firm's responsibility ends the day the corporation takes over, and in the case of any mishap, the real promoters (who have remained in the background) can never be brought to book.

"It is becoming increasingly apparent that the deal was struck at a very high political level," says a corporation insider. "Otherwise, how is that H. K. Sen Turnkey, which has no proven track record, has been awarded the contract?"

In what is probably the CPM's own brand of *glasnost,* the mayor has staunchly defended the project and has justified his decision — to develop Rawdon Square through a private developer than by the CMC — on the grounds that a private developer would be able to utilise black money in developing the project!

The average citizen, helpless against the onslaught on his green, has cause to worry. At present, only 0.75 per cent of Calcutta's total land is used as organised open space, down from 2.5 per cent in the sixties. The corporation's future plans to trade more public parks for paltry gains is in a way indicative of the incredibly short sighted policy of the government and the derangement that exists within the government's own departments and ministries.

MADHUMITA MAJUMDAR

Molasses

A balancing act

A series of ad hoc measures that did not balance the competing claims of the sugar industry, distilleries and end-users like the chemical industry have considerably impeded the steady flow of industrial alcohol in the country. However, the new alcohol and molasses policy unfolded by the union minister of state for chemicals and petrochemicals, R. K. Jaichandra Singh, on 7 September is designed to do just this.

Thus, the government made an effort to help the sugar industry without unduly hurting the chemical industry by doubling the price of molasses from Rs 60 to Rs 120 per tonne. However, the government was circumspect enough to safeguard its revenue interest by nearly doubling the central excise duty on molasses from Rs 30 to Rs 60 per tonne. Lest this leap in excise levy should cripple the chemical industry, the government has cushioned it by granting full excise rebate on molasses used for producing chemicals.

Advice heeded. It is pertinent to point out here that a working group which was set up in early 1983 to look into various levies on molasses and alcohol had recommended that "the central excise duty of Rs 31.5 per tonne of molasses be abolished. If this is not feasible, the central government may consider giving a set-off of the excise duty to the chemical industry". Thus the new policy heeded the advice of the working group and provided the requisite set-off.

Besides all this, the new molasses and alcohol policy has provided for differential pricing for industrial and potable alcohol. Also, the ban on manufacturing potable alcohol from non-molasses raw materials has been relaxed. The new policy also hikes up the price of khandsari molasses to Rs 180 per tonne from the existing price of Rs 90. Sugar-producing states have been advised to effectively monitor the price and distribution of khandsari molasses under the new policy. This was done because the sugar mills had for quite some time been complaining that the controlled price, or rather the two-thirds part, they were getting of the controlled molasses price of Rs 60 a tonne did not allow them to compete with the producers of khandsari who could sell their molasses at a much higher rate to growers.

However, alcohol industry sources doubt whether the state governments concerned will respond positively to the Centre's directive that they should exercise control over distribution and prices of khandsari molasses and lower the burden of levies on industrial alcohol. In fact, both surplus and deficit states have wilfully imposed, under different guises, multiple levies on industrial alcohol.

A more crucial issue of the new policy is what effect it will have on the disposal of vast stocks of molasses which have accumulated with the mills. The storage position has been far from satisfactory; and wastage is already causing enormous problems. Besides, molasses has the dubious quality of being a pollutant that requires speedy disposal. Raising the price of molasses without simultaneously raising the price of alcohol has hindered the lifting of stocks.

In this context, the industry's plea for

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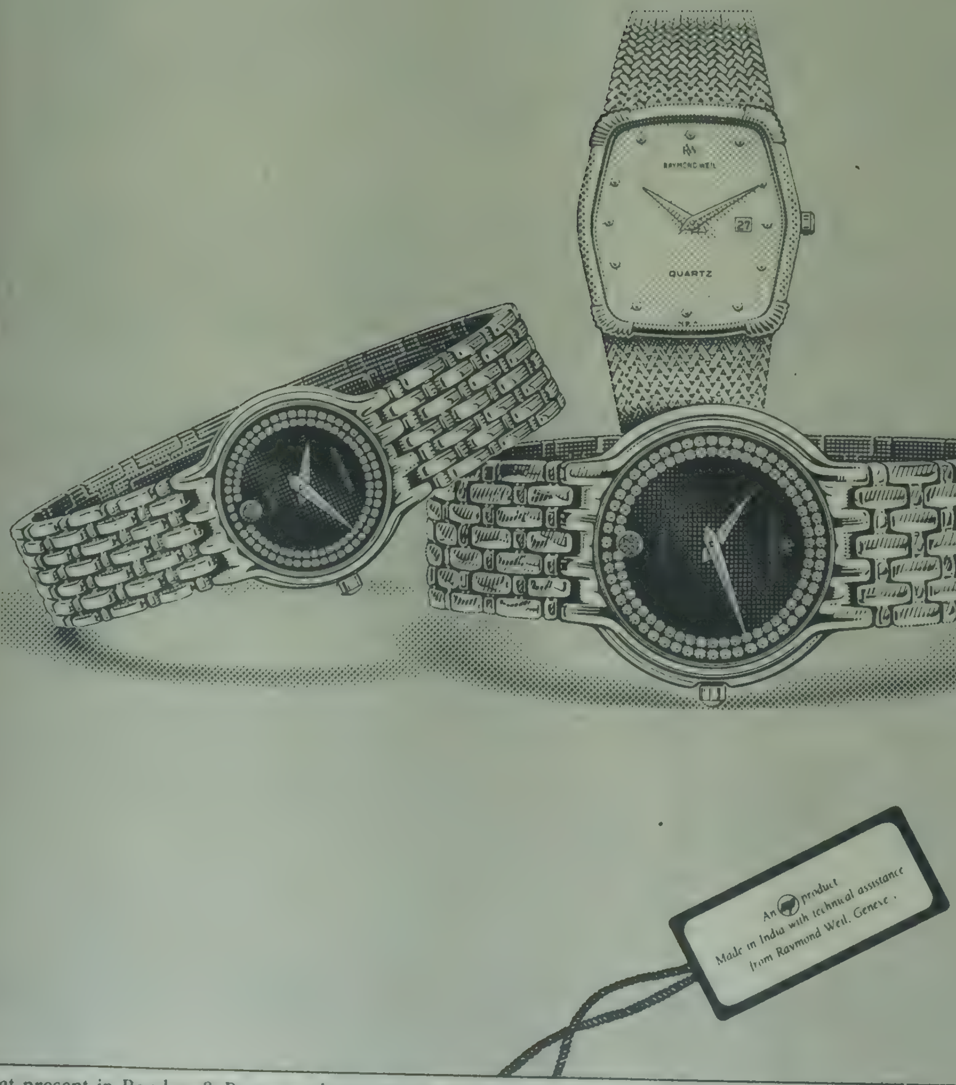
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permission to export molasses needs to be considered. A few years ago, the country did export molasses on a fairly large scale. For instance, molasses export in 1984-85, the final year of the Sixth Plan, was 579,000 tonnes. As there is a ready market abroad for this product, and that too at prices several times the controlled price prevailing now, the policy on exports needs to be reviewed.

ISMA doubtful. The new policy has been largely welcomed by alcohol-based industries as well as the sugar industry. But the sugar industry's apex body, the Indian Sugar Mills Association (ISMA) has questioned the minister's contention that a higher molasses price would improve the liquidity of the industry. Says ISMA president Ram V. Tyagarajan, "There was no connection whatsoever between the price of cane and that of molasses." Elaborating on this, he says that realisation on sales of molasses is fully adjusted in the computation of the price of levy sugar and the benefit is thus passed on to the levy consumers. The incidence of the recent increase in the molasses price would be just about three paise per kg on levy sugar.

H. S. Bhartia, president of the Uttar Pradesh Alcohol-based Industries Development Association, says that the recent decision to relax the ban on creating additional capacity for the manufacture of alcoholic drinks from feedstocks other than molasses would make "a greater amount" of molasses available for industrial consumption. In sum, the new policy envisages that state governments would ensure that industrial alcohol remained "a cheap, viable feedstock for the manufacture of diverse chemicals" as suggested by the Nagaraj Rao Committee three decades ago Though the onus is on the states to make this into reality, it would not be too much to say that the new policy has made a start in curtailing the country's costly reliance on depletable petro-based raw materials. Besides, it will give an impetus to the growth and development of the alcohol-based chemical industry by clearly demarcating the areas of operation for competing industries like sugar, distilleries and chemicals.

A CORRESPONDENT

Hotel industry
Taxing times

On 31 August Parliament put its seal of approval on the Expenditure Tax Bill, 1987. The Bill levies a 10 per cent tax on expenses incurred in any hotel which charges Rs 400 and above per person per day for accommodation. The new levy, according to the government, is expected to net Rs 50 crores annually, which will accrue to the Centre.

However, this is going to clash with the government's plans for the hotel industry. It has wanted the industry to play host to the 2.5 million foreign tourists expected every year by the end of the decade. As it is, all states already have a luxury tax varying between three per cent and a steep 30 per cent on room charges.

While the small hotel owners are concerned that the latest levy will mean a fall in business, it is the operators of the big chains who are more critical, charging that the tax is ill-conceived and impractical to implement.

Criticism of the Bill has focused on two points. First, since the tax is applicable on charges of Rs 400 or above for single occupancy, hoteliers feel it is like that rooms will now be under-charged and the shortfall will be made up elsewhere. To prevent this, the Bill lays down that if "it appears to the income tax officers that the charges for residential accommodation, food, drinks or other services are so arrange that the room charges are understated and the other charges are overstated — the income tax officer shall determine the room charges on such reasonable basis as he may deem fit."

"How well this provision lays itself open to misuse need not even be spelt out. The government is unnecessarily taking upon itself the task of monitoring this," Anil Madhok, vice president, Oberoi Hotels.

Second, if the criterion of application is found faulty and difficult to monitor, the heads of expenditure made chargeable under the Bill are worse. If the single occupancy rate of a hotel is Rs 400 and above, a 10 per cent tax will be levied on

- any accommodation, residential or otherwise,
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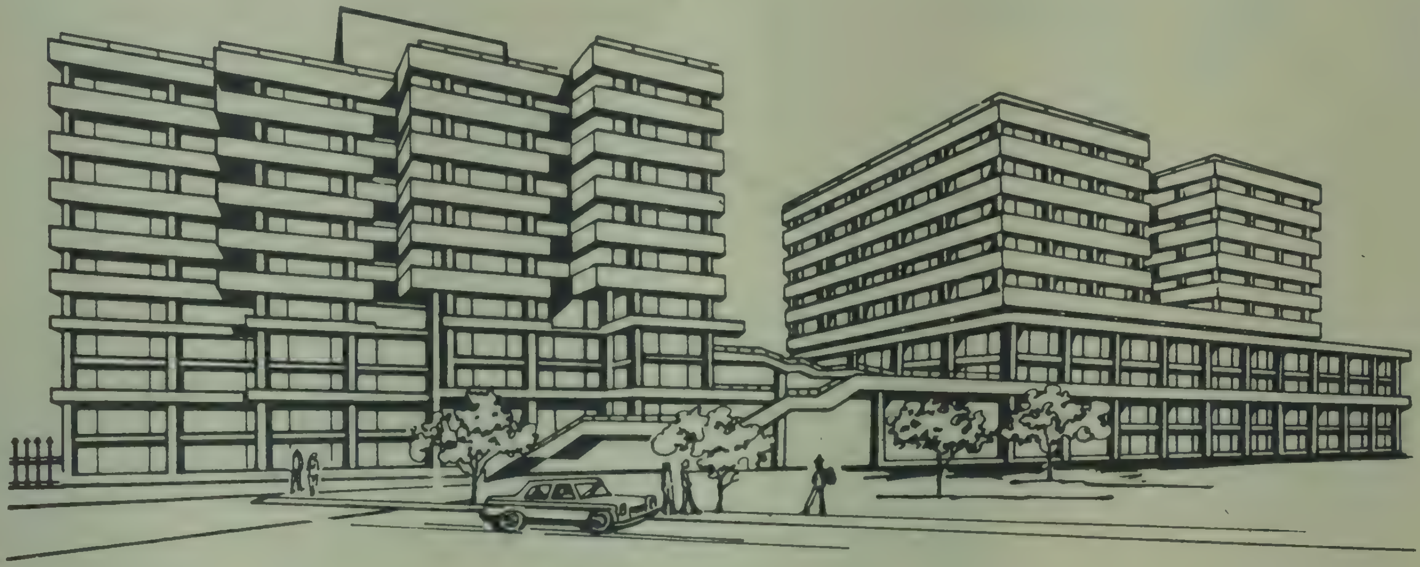

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Persi M. Shaw, president, Hotel and Restaurant Owners Association, Western India and technical director, Fariyas Hotel. Madhok agrees and points out that "although Oberoi or Taj may not do it because they already have too many administrative problems to contend with, the small hotels will certainly think of ways to get around the rules."

Shaw is also critical of the discriminatory nature of the Bill, which does not levy the tax on restaurants, however posh they may be, if they are not attached to a hotel.

Though several hoteliers are under the impression that the Bill "leaves out the foreign tourist from its purview," this is not so, says Shaw. "It doesn't exclude foreign tourists but only payments made in foreign exchange," he points out. This, according to him, will lead to much confusion. If the foreign tourist encashes his currency before paying the hotel bill, does the hotel have to keep copies of his exchange certificate? If a travel agent pays for block bookings for foreign tourists in rupees, does the agent furnish details of their exchange transactions? All these questions are left unanswered by the Bill.

However, whether the Bill does or does not affect the foreign tourist is not the point. If increasing taxes makes the whole industry unviable, future promoters of hotel facilities are unlikely to be encouraged. As Madhok says, "It is not enough to wish that foreign tourists will keep coming — something concrete needs to be done." And the latest step is certainly not in that direction.

KEYA SARKAR

Hair oils

Slick marketing does the trick

The huge, glamorous toiletries market, it would seem, has hardly any place for the humble hair oil. The product has come to be regarded as greasy and outdated. It would surprise many to know that, excluding coconut oil, the market size of the organised sector hair oil industry is Rs 100 crores a year and is on par with premium soaps and almost as large as the toothpaste market.

The hair oils market received a big boost from the eighties onward — it is now growing at an average of 30 per cent annually. In the next five years it is expected to double its output of 10,000 kl annually, and attain a market size of Rs 250 crores.

Change in emphasis. Most hair oil manufacturers are unable to pinpoint any particular reason for the recent upsurge in the market. Marketing executives attribute the rise in the use of branded perfumed hair oils partly to the hike in coconut oil prices and to a large extent to extensive and aggressive marketing campaigns. "After all, unlike a decade or two ago, when we relied chiefly on production, today we live in an age of distribution," says R. Swaminathan, marketing manager of Calcutta Chemicals. Hair oil is a traditional product, manufactured mainly by traditional companies like Dabur, Calcutta Chemicals, Bengal Chemicals and C. K. Sen in the east or Ayurved Sevashram and Dwarka Prasad Sharma in the northern and western regions. Some of these hair oil manufacturing companies have been in existence for nearly a hundred years.

Net 100 ml
Keo Karpin
A HAIR OIL OF DISTINCTION

Keo Karpin hair oil: immense success

A common consumer item, hair oil was used extensively but lacked an identifiable brand or image, and as a result had never really quite come into its own. "In toothpastes or soaps we have certain accepted basic standards, of what the product is expected to be like or do," says Swaminathan, "but in hair oils, till the eighties, and even now, we have had no such standards."

The boost to branded perfumed hair oils has come solely from advertising and television exposure, say people within the industry. Both Dabur and Dey's Medical, the manufacturers of Amla hair oil and Keo Karpin, two leading brands accounting for 38 and 21 per cent, respectively, of the all-India market, are now sponsoring prime time programmes on television and advertising heavily. This, for the first time, is giving hair oil the much needed national exposure, creating a new image and dispelling earlier notions about the product. And this is proving to be extremely paying. While Dabur's Amla is said to have accounted for 30 per cent of its total Rs 70-crore turnover, Dey's Medical's Keo Karpin, which makes Rs 28 crores annually, has proved to be an immense success. It has come to be the organisation's bread, butter and jam, accounting for approximately 80 per cent of its turnover, according to market sources.

Filling a slot. Referred to within the consumer products industry as "one of the biggest marketing strategies in the eighties" the Keo Karpin campaign was aimed at breaking the traditional image of the product, and repositioning it to accommodate modern needs. Keo Karpin is the second largest selling hair oil brand in the country (amongst the 40 odd brands that are currently in existence) and falls in the category of light non-sticky oils, a sector in which it stands alone. The other two segments, the traditional heavy oil segment and the coconut oil market, which is popular down south, see quite a bit of competition. Keo Karpin, say retailers, has fit perfectly into the slot between the heavy oils such as Amla and Bhrungaraj, and the hair tonics, such as Brylcream, Silvikrim or Pantene.

In the seventies, some manufacturers tried to replace hair oils with hair tonics. The process was never really successful. While most hair oils are priced between Rs 8 and Rs 10 per 100 gms, hair tonics and creams cost nearly three times that, since they fall into the category of cosmetics and not toiletries. Moreover, with the poor availability of industrial alcohol, and petroleum prices going up — both vital raw materials —hair tonics never did get round to posing a serious threat to the hair oils market.

The industry is thus quite confident of achieving its targets.

MADHUMITA MAJUMDAR

Cotton yarn

Further boost to exports

The recent government announcement, allowing import of raw cotton for the export of cotton yarn under the advance licensing scheme, will ease the pressure on the domestic cotton market and further boost yarn exports, which have grown nearly three times this year.

Significantly, the recent announcement says that there will be no ceiling on yarn exports as long as the yarn is made from the imported cotton. "This is a wise and timely decision, for which we have been pleading for quite some time," said an obviously happy B. K. Harlalka, president, The All India Exporter's Chamber.

Marked improvement. India came into the international cotton yarn market only recently, after the government took a decision to encourage exports in its textile policy in mid-1985. There was a marked improvement in exports in 1986 itself and during the first seven months of 1987 exports of cotton yarn were three times higher (see table). According to Harlalka, by August this year, exporters had already reached the existing 60 million kg ceiling for the year.

Exports of yarn by the spinning mills this year have jumped up mainly because there has been a sudden spurt in demand for Indian yarn. Worldwide, there has been a poor cotton crop this year and the leading exporting countries of yarn — Brazil, Turkey, Pakistan and China — have had to slash their exports. The Indian government which had raised the cotton yarn export ceiling from 12 million kg to 60 million kg for this year, had also offered a cash compensatory support of 8 per cent for the first time.

Says Harlalka, "Had there been no ceiling we could have easily touched 100 million kg this year and earned Rs 360 crores in foreign exchange.

Weavers' complaint. The government had slapped on the ceiling mainly because the 1986-87 production of cotton was poor. It was only 9.5 million bales, compared with 11.42 million bales in 1985-86. Its decision was also perhaps influenced by the contention of the powerloom and handloom weavers' lobbies that exports are primarily responsible for the increase in domestic cotton yarn prices in 1987.

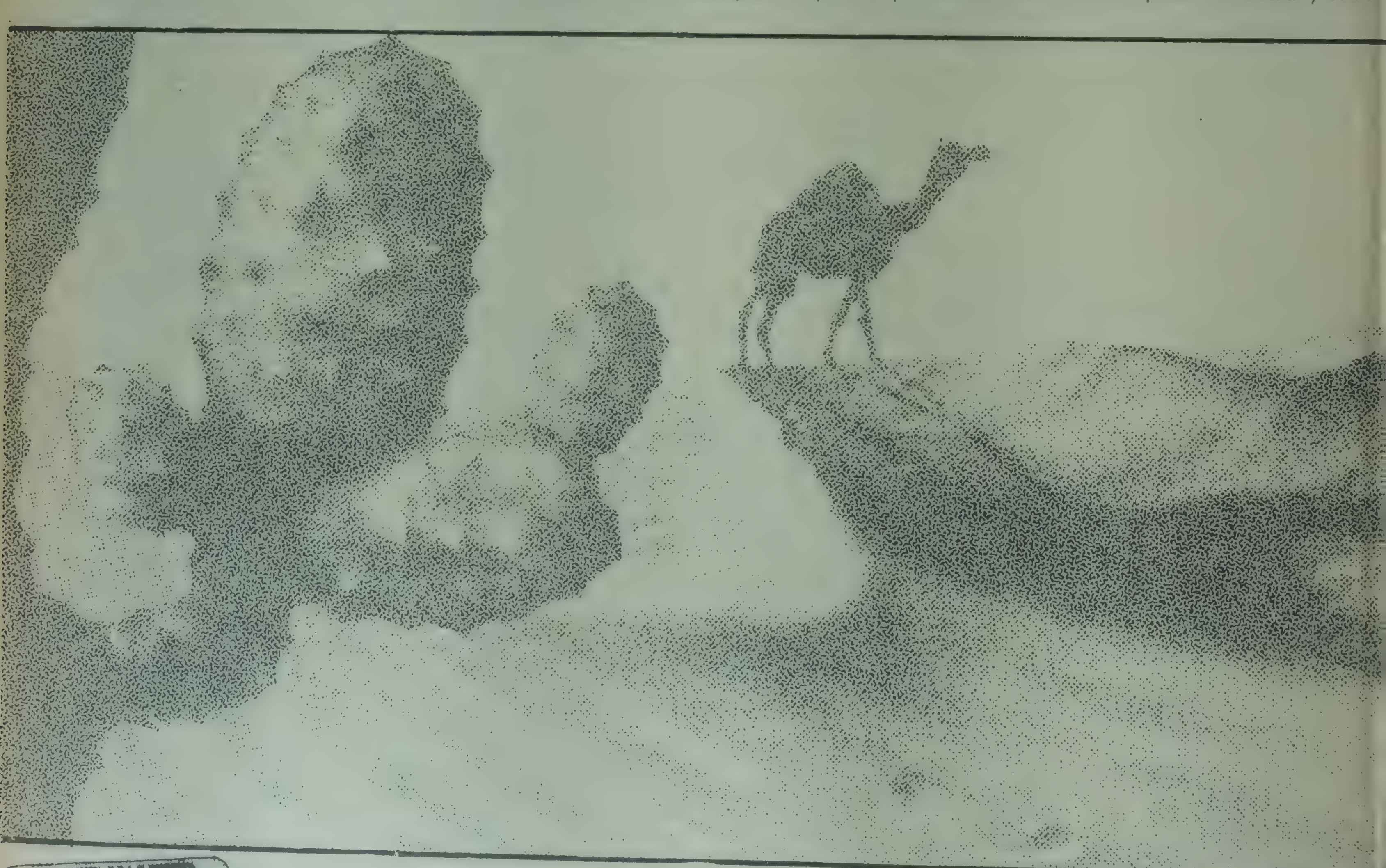
Cotton yarn exporters dismiss these allegations as baseless. They argue that yarn prices have gone up on account of the hike in cotton prices because of the inadequate crop. On top of that, a total of 1.48 million bales of cotton were exported during 1986-87. According to the *Economic Times* wholesale price index, the price of cotton in the first week of September 1987 at 341 was 71 per cent higher than a year ago, on a point to point basis.

Cotton yarn export

Year	Million kg	Rs crores
1983	6.59	21.77
1984	9.73	36.49
1985	9.81	44.06
1986	16.50	61.82
1987 (up to July)	51.12	184.27

Source: The Cotton Textile Export Promotion Council, Bombay

On the other hand, the spinners point out, the prices of cotton yarn, where cotton constitutes 60 per cent of the cost, has gone up by only 25 per cent (from 251 to 315 in the ET index). "This clearly shows that a large part of the increase in cotton prices has actually been



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Cotton yarn: boom in Indian exports

absorbed by the spinning mills," pointed out another yarn spinner in Bombay.

According to Harlalka, contrary to the beliefs of the powerloom and handloom sectors, larger exports have actually helped in keeping the prices of yarn at a level lower than what they would have been without exports. He points out that because of higher exports, mills operated at a higher rate of capacity and this in turn reduced the overhead cost per unit of output.

This controversy however, becomes irrelevant when one considers the fact that even at the present "high" level of 60 million kg, the export of cotton yarn is just about 5 per cent of the total production (1,260 million kg) of cotton yarn. The comparable figures for other developing countries are much higher: Pakistan 33 per cent, Turkey 25 per cent and Brazil 16 per cent.

Most opportune. Clearly, we have a long way to go. And the current shortage situation in the international market for cotton yarn makes it a most opportune time for Indian exporters to increase their share. The government decision to allow import of cotton will be a big help. But there are some who think that the decision is ill-timed. The prevailing shortage of cotton in the international market would make it difficult to import cotton at a price commensurate with the export price of yarn.

Harlalka thinks that it is wrong to take such a narrow view of this development. "In the long run, the exporters of yarn are certainly going to benefit immensely because the domestic availability of cotton is very erratic."

DILIP MAITRA

ONGC

Borrowed burdens

The Oil and Natural Gas Commission (ONGC), the public sector undertaking that makes the highest profits, is being compelled to incur "irrational burdens" which have pushed up its cost of production by as much as Rs 77 per tonne or 16 per cent per unit tonne (1984-85 prices).

The overseas borrowings that the ONGC undertakes on behalf of the government have been costing it dearly. The public investment board (PIB) clears projects in rupee terms, but when essential equipment has to be purchased from abroad and the value of the rupee vis-a-vis a hard currency deteriorates, the ONGC ends up paying much more. Losses due to such fluctuations have added up to Rs 132 crores in the period January 1983 to November 1986. The interest burden on the borrowings cost it Rs 43 crores during the same period. However, the government has refused to compensate the commission for such exchange fluctuations.

Huge loss. Another irrational practice is that, according to sources in the ministry of petroleum and natural gas, ONGC's crude is grossly 'underweighed' in the domestic

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market. The international practice is to effect sales in volume but, in India, sales are made by weight. Normally a tonne of crude should comprise 7.5 barrels. However, ONGC has to part with eight barrels due to differences in specific gravity of the crude. It lost as much as Rs 240 crores between July 1981 and April 1986 on this count.

ONGC also bears the burden of transit losses. The metering point for Bombay High crude is Butcher Island where crude comes from offshore through pipelines. From here a part of the crude is taken to the Bombay refineries by pipeline and the rest (over 50 per cent) is loaded on tankers. When ONGC transports the crude through pipelines, nothing is lost on the way. Yet oddly, the transit losses due to evaporation and transhipment in tankers is charged to ONGC's account. The custody transfer of crude transported by tankers is not effected at Butcher Island even though it is the metering point; the receipt is given for the crude that is unloaded at the refinery. This does not happen anywhere else in the world. Moreover, when the commission was exporting crude (up to 1984-85), custody transfer was effected at Indian ports and not the receiving foreign port! ONGC lost as much as Rs 265 crores from 1981 to March 1986 on account of transit losses.

Heavy burden. Government pressure to indigenise services and equipment is also imposing a heavy burden on ONGC. Besides the costly delays in the supply of critical equipment by Indian companies, which upsets ONGC's schedules and targets, under the existing price preference formula, Indian companies often charge over 35 per cent more than foreign companies would. It has been calculated that ONGC has lost Rs 126 crores to this indigenisation effort up to March 1986.

According to the committee of public undertakings (COPU), "This extra payment for purchases from indigenous suppliers is tantamount to giving them a subsidy to meet international competition and should be legitimately borne by the national exchequer and not by commercial organisations like the ONGC, which are accountable for their costs." COPU has suggested that the government should set up a national subsidy fund through which indigenous manufacturers could be subsidised to make them internationally competitive. ONGC should not be forced to bear this cost of indigenisation.

ONGC has also been paying excise duty on crude oil exported, which has added up to Rs 446 crores from June 1982 to 1986. This "unwarranted penalty" is based on a notification issued by the Chief Controller of Imports and Exports in 1979 which should have been revised long ago. But despite repeated protestations by ONGC, the government has done nothing to set matters right.

The government has, however, rectified some of the anomalies that ONGC has been agitating about. As Bombay High crude is highly waxy, certain chemicals have to be added to facilitate its flow into tankers and pipelines. In international markets, crude is bought and sold on an as and where basis, and the cost of any chemicals to help it flow has to be borne by the refineries. The commission has however had to incur an expenditure of Rs 118 crores between 1980-81 and September 1986 on the chemical pour point depressant. While ONGC has demanded total reimbursement, the government has agreed to reimburse it from 1984-85 onwards.

ONGC will also be reimbursed Rs 85 crores paid as sales tax between March 1983 and March 1986. Sales tax is an inbuilt component of the base price of crude oil. It is however calculated on the gross price. When the gross price increased because of a hike in cess or royalty, the sales tax component went up automatically and there was a consequent reduction in the base price paid to ONGC. In fact, sources say, the base price paid to ONGC has been consistently declining — from Rs 976 in the period 1981-83 to Rs 968 during 1983-85, Rs 963 in 1986-87 and Rs 951 from 1 March 1987. What ONGC gets as basic price is much less than that prevailing in the international market. A comparison of the international and domestic prices from 1980-81 shows that the net domestic price was 41 per

SAGAR SAMRAT

ONGC's offshore rig: *suffering from irrational dictates*

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cent of the internal price during 1980-81 and 1982-83, 49.5 per cent during 1983-84 and 1984-85, 56 per cent in 1986-87 and 55 per cent from 1 March 1987.

Contrary to general belief, ONGC's profitability is not because of any hike in prices of oil but on account of higher efficiency and productivity. It made a net record profit of Rs 1,484.45 crores and paid a dividend of Rs 35.99 crores to the government in 1986-87.

A. SAXENA

Car financing

Starting up slowly

Car financing schemes have suddenly grabbed a lot of media attention. The banks and finance companies like Motor General Finance and Jai Bharat Finance have been in the business for a number of years but, Citibank's Citimobile Finance Scheme caused quite a stir when it was launched a few months ago. What caught the eyes of many was the low interest rate — 9 to 11 per cent — that dealers advertised.

Misleading. Those advertisements seem to have been withdrawn because they were deceptive. Banks cannot offer rates of interest lower than what the RBI mandates. On term loans of over 36 months the rate of interest is 15 per cent. Since the car financing schemes extend over 12 to 36 months they are categorised as demand loans which attract a 16.5 per cent interest rate. This is the rate that Citibank is offering. The 10 per cent rate that was advertised and which dealers continue to put out is worked out by assuming that the principal has not been repayed at all, but instalments include interest and principal repayments.

In any case, the interest rates that all the financing schemes initially quote is the base rate. Consumers pay more than that by way of a service charge. In the case of the Citimobile scheme, the service charge is another 1.5 per cent; Premier Automobiles (PAL) quotes a flat rate of 12 per cent to which it adds a 3 per cent service charge. Citimobile's advantage is that interest is charged on a progressively declining loan whereas PAL calculates the interest on the full loan which effectively works out to 24 per cent for 30 months.

Another factor that has not been highlighted is that both PAL and Citibank work through dealers. It is the dealers who vet customers, process documents and are responsible for collecting repayments. In case of a default, it is the dealers who will be responsible for reposessing the vehicle and repaying the loan. And since defaults tend to be very rare, both the Citibank and PAL schemes are low risk ones. Citibank is essentially giving dealers an overdraft.

The schemes have been criticised because their eligibility criteria are high and have deterred a large number of potential customers. To be eligible for a Citimobile loan, a person has to show a minimum yearly income of Rs 50,000; in PAL's scheme the cut-off is Rs 40,000. Realistically, the minimum levels are rather low. Citibank's funding is between 60 to 65 per cent of the automobile's value and PAL's is 75 per cent. Repayments under the Citimobile scheme can be over 12, 24 or 36 months and over 11, 23 and 30 months in the case of PAL. If one takes an average loan of Rs 50,000 for a Maruti and Rs 78,000 for a Premier Padmini, monthly repayment schedules range from Rs 4,588 to Rs 1,810 in the case of the former and between Rs 7,128 and Rs 3,244 in the case of the latter. Add a minimum of Rs 1,500 a month for running and maintenance and it becomes very apparent that the schemes are unviable for anyone in the Rs 50,000 or Rs 40,000 income bracket. Dealers admit that payments don't always come from taxed income.

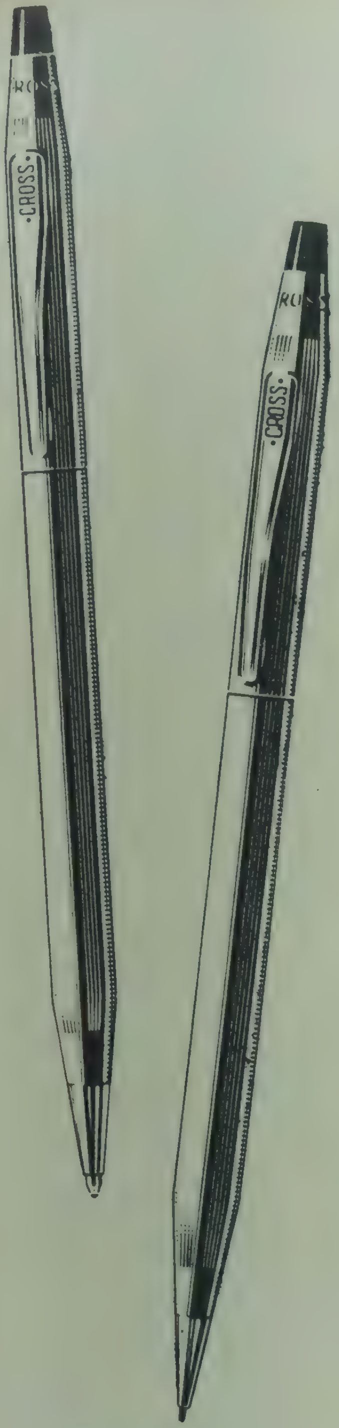
Few individuals. The parties who seem to be availing of this scheme are typically partnership, proprietorship and private limited companies. Payments can be charged as expenses and the companies can also write in depreciation. According to Citibank estimates, 61 per cent of the parties availing of their scheme come under this category. The balance 39 per cent are executives who get generous transport allowances from their companies.

Though companies in the consumer durable market have vigorously backed such financing schemes, arguing that they will expand the market, so far there is no evidence that they will do that. The basic price of most durables, particularly cars, is so high that even the potential market size is relatively small. There also seems to be consumer resistance to paying high interest rates and eroding savings.

So far, this year, Citimobile has financed 3,500 cars, PAL has financed 450 and Hindustan Motors 15. PAL has financed a 100 more this year, but that, according to company sources, is because the price of the Maruti cars went up. If Citibank has done so much better it is primarily because it has been taken up by Maruti dealers, and secondly because the bank's consumer division has reportedly done a good job of marketing the scheme and training dealers' staff.

The schemes are here to stay. Whether they will draw new entrants into the market or expand remains to be seen. What is evident is that the schemes do and will appeal to people who can use them for better tax planning.

F.S.



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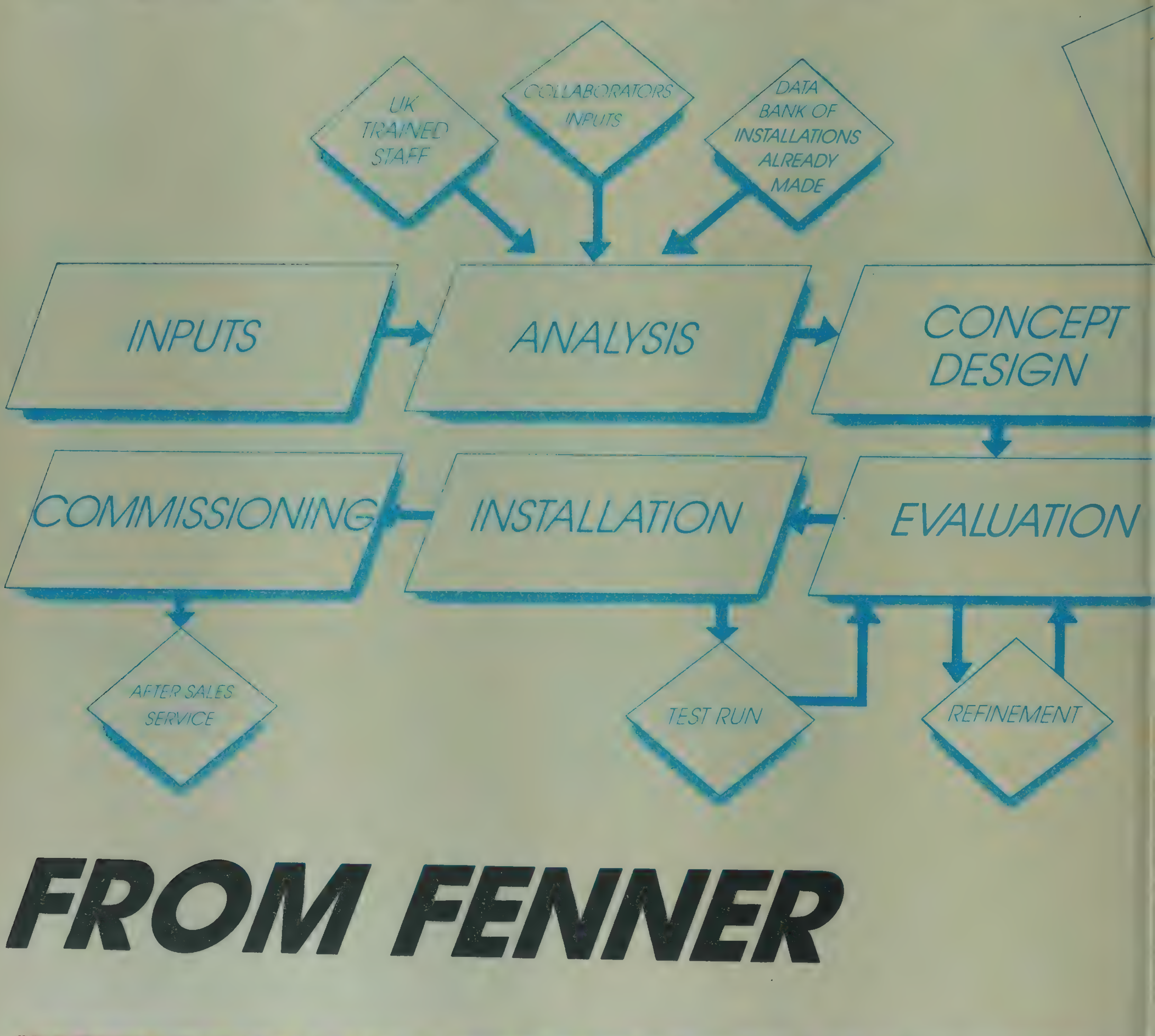
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Economic Indices

Industrial production

According to estimates from the Centre for Monitoring the Indian Economy, the index of industrial production during the first three months of 1987 recorded a very high rate of growth — 13.4 per cent in January, 15.8 per cent in February and 13.2 per cent in March — over the corresponding period of the previous year. In 1986-87, the manufacturing sector recorded a growth rate of 9 per cent over the previous year. Similarly, both electricity as well as mining and quarrying sector noted higher growth rates of 10.3 per cent and 6.2 per cent.

Power availability

Power generation during July 1987 was estimated to be 17,100 million units, an increase of 14.3 per cent over the same period a year ago.

Prices

During the week ended 8 August 1987, the wholesale price index was 404.8, showing a 2.1 per cent over a month ago. It was 6.1 per cent higher than it was in the corresponding month a year ago.

During the same period, price rises were registered by pulses (20.4 per cent), fibres (72.5 per cent), oil seeds (31.4 per cent), edible oils (28.8 per cent). Declines were noted by petroleum crude and natural gas (37.8 per cent) and sugar, khandsari and gur (2.6 per cent).

Money supply

During the fortnight ended 14 August 1987, M3 (which includes currency with the public plus demand and time deposits with banks plus other deposits with the Reserve Bank of India) increased by Rs 1,090 crores (0.74 per cent) to Rs 1,47,340 crores.

Finance and banking

Public finance: During the week ended 14 August 1987, the amount of outstanding treasury bills decreased by Rs 133 crores (0.51 per cent), to Rs 25,865 crores.

Scheduled commercial banks: During the fortnight ended 14 August 1987, aggregate deposits increased by Rs 362 crores (0.33 per cent) to Rs 107,881 crores. Bank credit decreased by Rs 20 crores (0.03 per cent) to Rs 64,340 crores.

During the same fortnight net bank credit to the government sector increased by Rs 856 crores (1.10 per cent) to Rs 78,043 crores. Bank credit to the commercial sector increased by Rs 22 crores (0.02 per cent) to Rs 95,132 crores.

Interest rates

During the week ended 22 August 1987, the following rates prevailed — IDBI: 14 per cent; NABARD: 6.50 per cent; call money rates (Bombay): 10 per cent.

Bullion prices

The price of standard gold per 10 grammes decreased by Rs 30 to close the week ended 28 August 1987 at Rs 2,945. The price of silver (per kg) increased by Rs 26 to Rs 5,167.

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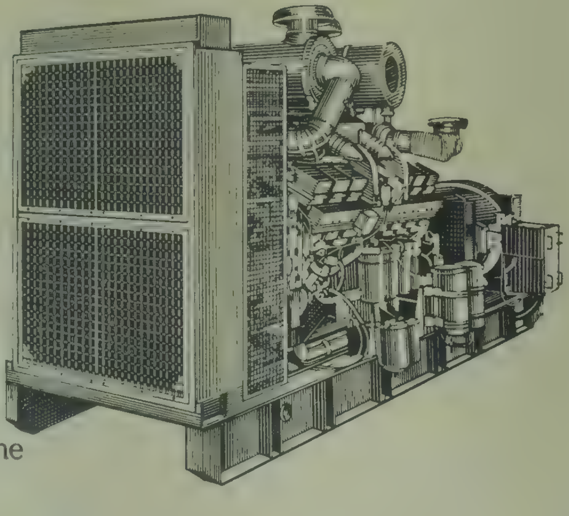

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Rapid exit

The exit of S.V.S. Raghavan, chairman of MMTC and the expected departure of Sudhir Mulji, has shaken many public sector officials, especially because both Raghavan and Mulji headed the countries' top trading organisations, which are expected to play a major role in any export drive. While a lot of noise is currently being made in the commerce ministry about how to increase exports, there are still no concrete results.

Exports aside, what has been most badly affected is the confidence of public sector managers in the way the current government means to carry out its initially stated intentions. While the white paper on the public sector is still to be completed (despite the long Tuesday afternoon meetings in New Delhi), the basic issue of the future of autonomous public sector management is still as hazy as ever. The other fear is that in the current mood of trying to steer away from liberalisation, the trading houses themselves will have a more limited role to play. In fact, the enthusiasm that both these chief executives had been able to impart to their organisations has been favourably commented on. But favourable reviews and initiatives clearly have not been sufficient to ensure that the government tries its best to retain the little managerial talent that is still available in the public domain.

Raghavan: inspired his managers

Muffled ring

The battle between the department of telecommunications (DoT) and the department of electronics (DoE) is getting hotter every day. The issue in question is of course the new telecom factory at Bangalore which currently is likely to go in for locally developed C-DoT technology. As a result of this, some officials say, new exchange equipment may take slightly longer. Meanwhile, the telecom department, always keen on imports, is apparently once again making an attempt to go in for large scale imports of telephone exchange equipment. Though the DoE, which has to initial such deals, has in the past refused several such requests, DoT apparently is persisting. A fresh request is now understood to be doing the usual ministerial rounds.

To shore up the department's argument for quick imports, D. K. Sangal, currently secretary, telecom department, reportedly took an old incumbent, S. M. Aggarwal, to the meeting of secretaries held towards the end of June this year. Even then questions were allegedly raised about why a non-official person like Aggarwal should have been allowed to be present at a meeting of the committee of secretaries. Traditionally, meetings of this committee do not even allow for proxies to attend.

Aggarwal, who has lobbied for several overseas telecom manufacturers in the past, apparently still wields inexplicably enormous influence in the telecom department and apparently dictates such material matters as transfers and postings even today. Sangal was apparently hoping that such powerful voices would strengthen his position in the committee. However, better sense and Sam Pitroda prevailed and the decision in favour of going in for what some telecom circles refer to rather fondly as "Mankapur technology", was avoided at that time.

However, now that the minister of communication, who never quite saw the point of his portfolio, is engaged with the populist objective of inaugurating one rural exchange a day, sources in the telecommunication ministry indicate that the moment may once again be ripe for more imports. Their argument being that, after all, the rural exchanges are going to be domestically produced and will have to be connected quickly to giant (imported of course) urban exchanges.

Meantime, of course, Sangal is understood to be treating the possibility that a telecom commission may be created as a personal victory. This move will apparently not only ensure that Sangal attains the dubious distinction of super secretarial rank but simultaneously ensure that other members of the board attain the rank of secretaries too. The move for the commission is however being criticised in several quarters which insist that by the creation of the commission, which will have no teeth, the telecom department will be allowed to carry on its merry way, with an additional buffer provided to shield it from uncomfortable questions.

In any case, the entire area of telecommunications, which is currently in ferment, is likely to be stabilised to some extent soon, when C-DoT completes its quest for the great Indian exchange.

Tailpiece

New Delhi is abuzz with rumours of all kinds — the political, the bureaucratic and the diplomatic. But one little sliver of pure gossip doing the rounds in extremely hushed tones is to do with a set of wedding bells that may peal next year. The match will be between two sets of royalty (no, this is neither a reference to the Scindia-Kashmir wedding later this year nor to the Hinduja nuptials) — one from politics and the other from industry. Whether this will alter the power balance in the country and whether the match itself will finally be settled is of course still too deep in the realm of speculation but watch out for more details soon.

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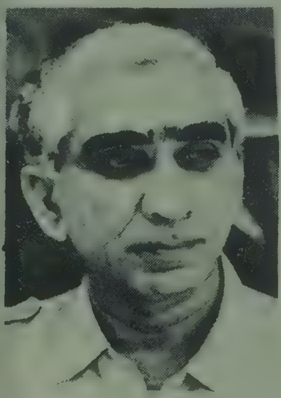

Drought: Rajasthan, 1987

As they say: 'Whenever a natural calamity visits our land, it is a consequence of the demerits of our rulers'. A cruel and unjust superstition this, to place responsibility for such a grim visitation, at the door steps of our prime minister. Whatever else he might or might not be responsible for, surely vagaries of the monsoon is not amongst them. While half the land of India lies baking under an unprecedented drought, the other half pours down in torrents from deforested hillside, into the Bay of Bengal, mudding the ocean for many miles. The monsoon alone is responsible, for it is the arbiter.

Let us, however, examine some dimension of this calamity. But while doing so we must guard against the error of being merely quantitative: human suffering is not a measurable commodity. Let us seek only the illustrative so that the whole might get illuminated. And here I can speak only of Rajasthan, not because it is my home state; also not because what afflicts it is treated as routine, but because for me it is not an academic abstraction, it is a personally experienced calamity. Of the 26 districts of Rajasthan, in all of them the monsoon failed completely, this failure ranging from 97 per cent to 65 per cent, upto about the third week of August. Whereafter, in six of them, there were sudden cloud-bursts, towards the end of August; not helpful for kharif but certainly providing relief in respect of drinking water and opening some possibility for the following rabi. In effect, therefore, more than 75 per cent of Rajasthan faces its fifth consecutive year of drought.

Three consequences then folow: shortage of food, fodder and drinking water. For the first, food, we must begin by reckoning that the purchasing power of the population has declined precipitously. This decline, when combined with the upward push on prices of essential commodities, and absence of employment creates a crushing bind. Absence of rain denies people seasonal employment, robbing them of earnings and the needed cushion for the off-season. Because of repeated failures there is now no more fat left. The basis of Rajasthan's economy is not so much agriculture as animal husbandry; hence the vital importance of fodder. The traditional means of coping, by migration of animals to the adjacent states is not available because, in the current year there is nothing in them either; even if they had not initiated active measures to discourage such migration.

It is drinking water, thereafter, which in unadorned phraseology is the most critical difficulty. Even normally, of the 33 odd thousand villages of Rajasthan, barely one-fifth have an assured supply of potable water and that in good years. Water table in west Rajasthan is low, potable water scarce, incidence of salinity high. When, therefore, all this is combined with five continuous failures of monsoon resulting in no recharge of subsoil water, the situation that emerges can only be described as catastrophic. As for towns, there is not even one today in Rajasthan, of any size, which has anything like a regular and assured water supply. Indeed towns like Jodhpur and Ajmer now get water for barely two out of 48 or 72 hours. The synergetic consequences of this on health, hygiene and urban sanitation are impossible to compute. The valiant people of Rajasthan are unused to stretching their hands for succour; they are also not politically loud-mouthed; accustomed, as of tradition to stocially and uncomplainingly putting up with their lot. This spirit is a national asset. For how long will it remain unbroken in the face of an insensitive and an inefficient administration?

I cannot answer this question except in anger, and by sharing with you some vignettes of our prime minister's recent "famine tour" of Rajasthan. It illustrates the approach, hence illuminates us. Having announced the dates of his visit, characteristically, at the last minute, they were changed. This is not a small point because in preparations for the prime minister's visit all district administration always comes to a complete standstill. Thereafter, when, finally, Rajiv Gandhi and his entourage did descend upon Rajasthan, they came equipped with four helicopters, a fleet of cars, and the prime minister's present lust: that ochre coloured gift from the King of Jordan, specially flown in. This caravan was never less than 35 vehicles at any time. As a measure of the seriousness with which this travel was undertaken the party was accompanied by crates of mineral water and soft drinks. Mindful perhaps, of the scarcity in Rajasthan, the prime minister and party were served, we are informed, with 'picnic lunches'. An important detail being that for their preparation, special cooks with provisions, had also to be transported. It was not disappointing thereafter, to witness our prime minister asking of women working on a relief site whether they had arrangements, (in the middle of rural Rajasthan), for creches to look after their infants! When a poor bewildered woman, in confusion, replied that there did exist such luxuries, our vigilant prime minister complained that he could not see any. The sheer insensitivity of this entire farce, so completely divorced from the reality of rural India, would be paralysing, until you took note of the fact that in this two-day tour in drought-striken Rajasthan, the prime minister was also entertained to folk dances and by visits to black buck sanctuaries.

Those who are in the know inform us that prime minister Rajiv Gandhi intends to utilise the drought, as an opportunity, to rebuild his battered image and his party. To bake your 'roti' on the funeral pyres of human misery, would then surely be the ultimate commentary on this government

These two days cost our exchequer Rs 3 crores. Presumably to recover which, our prime minister has announced that the non-plan expenditure of the Government of India would be reduced by Rs 600 crores. An impressive declaration but for an inherent irony: The Government of Rajasthan alone needs Rs 550 crores. And that for the current year, (87-88); when alongwith there continues to exist an unpaid liability of Rs 82 crores for the *past year*, (86-87), of which a staggering Rs 360 million are outstanding as *unpaid wages*.

The monsoon is, and has always been the great arbiter of India's economic destiny. And where the economy heads the politics of our land must also follow. Those who are in the know inform us that the prime minister intends to utilise this great calamity, as an opportunity, to rebuild his battered image and his party. To bake your 'roti' on the funeral pyres of human misery, would then surely be the ultimate commentary on this government. ☐

A man for all seasons

Union Finance Minister Narayan Datt Tiwari gave a free-ranging interview to *Business India* recently. Clearly, there are enormous pressures from all sides on the Finance Minister, and Tiwari, who is an acknowledged master politician, would like to accommodate all demands. He is certainly a man for all seasons

What are your priorities as finance minister?
My priorities are four. The first is to keep a watch on the economy as a whole — because we are in a very very difficult situation. There is drought in most parts of the country and floods in the remaining parts. This will affect not only agricuture; it is affecting reservoirs; it will affect energy generation. On the one hand, we have to keep a watch on prices — we have to see that an inflationary situation is not generated and also to see that the plan is funded and the deficit does not go beyond what has been provided for in the budget.

I do not think that we can afford deficit financing beyond what is provided for in the budget. So what I mean by keeping a general watch on the economy is to fund the plan, to fund relief work, to fight the effect of natural calamity and also to promote investment. To keep a watch on the balance of payment situation.

Secondly, one of my topmost priorities would be to raise household savings from the level of 22 per cent, which is already quite a lot. In the seventh plan it could go up to 24 to 25 per cent. I think at the central level we have to have a concerted drive; I think people can save more. Even the poorest of the poor can save a little. It is good for them, good for the country, good to fight inflation. It is because of this that I had this national savings conference. I met the Chairman of National Savings Corporation. Such a conference has not been held for a long time. I have raised the states' portion of savings from two-thirds to three-fourths so that they have an incentive. They should also be confident that in resource raising, the Centre has a place for them, apart from what the Finance Commission has said. So there is not only the national savings drive through Indira Vikas Patra, Savings Certificates, etc. I also have asked the insurance companies to have a three-month savings drive. Unit Trust, Insurance companies, LIC, banks, all financial institutions, have been asked to mop up household savings. This is not just a one year exercise. It should be an article of faith in our economy. Third, my effort would be — when I say third, it is as important as the others — to improve tax administration. For example, only yesterday I met the income-tax commissioner. Without harassing people, without raiding, the tax authorities can mop up more resources. Of course, raids have to be there when there are offences. But when you have to do a survey it need not be a raid. A raid is something different. It can only be done against people against whom there is *prima facie* evidence of economic offences. Not just heresay, because then that leads to harassment. I am against anything vindictive.

So there has to be better tax administration, anti-evasion measures and a co-ordinated approach of the tax authorities to tax enforcement. From sales tax to excise to income tax, the state level agencies should share information; they should help each other. There should be a common tax form. If company-wise information — production, profits, etc — is kept and properly analysed, then I think we can mop up more resources without harassment. This will also make for better tax administration, because the documents and facts are there (and computers should come as an aid in this). I have told the tax officials this.

The fourth priority (and though I am listing the priorities they are all equally important) is to see how our plan money, our loans, our subsidies, IRDP programmes, NREP programmes, and special component programmes can reach the real beneficiaries. Should some changes be made in the scheme of administration? There are so many complaints. So I will continue this dialogue at all levels, and then I will advise the cabinet and formulate schemes.

I have already spoken to the banks — so that the money reaches the poorest of the poor. My aim would be to have asset-creating programmes for the poor; not just subsidies How to create real assets, what assets will be needed by the landless agricultural labourer — that is our main problem. We have now about 250 million agricultural labourers in the country; now what should be done for them? What type of assets can we create for them? They don't have any land. They might have some hut or something... so what do we do for them... that is one of our basic questions. We are giving them some loans, subsidies, and some relief. Through the NREP we are giving them employment, but what sort of assets do we create for them? Now do you require a district-by-district approach, a region-by-region approach? It will require intensive consultation with them; we cannot force a solution on them. It should suit their psychology, their requirements, their ability. Because it is a whole transformation of hundreds of millions of people.

These four I think are the top priorities.

We agree with everything you say. But with due respect, most finance ministers have similar priorities, in the sense that these are their concerns. Our concern, sir, is: what steps, concrete steps, do you think could be taken to revive that extreme confidence that people felt when this government was elected? For the first two years, there was almost a euphoria — of all these things that you have listed actually happening. Therefore, sir, is it not necessary before the next elections, that is to say, in the next two-and-a-half years, to start taking concrete measures so that people actually feel that this government is actually acting and doing the things that it says it is going to do?
You are very correct. But you know, as you, said, what we need is not a climate of euphoria, because that is more sentimental and emotional. We need to get down to brass tacks... And that is why some concrete measures have already been adopted. But they are not being implemented in the proper manner. So my emphasis would be on implementation also. Monitoring and implementation. For example, right now I am going to meet the trading houses and the export houses to find out what their action plans are. Even in the commerce ministry, for example, I have said, let us not be demand-oriented. The export promotion councils are too demand-oriented. I said you give us your action plans, individual action plans... and individual companies' action plans.

The entire industry welcomes a practical finance minister. And therefore we are asking a practical question — what practical measures can we expect that will earn the confidence of both the common man and the businessman?
Well, you know, I am very thankful to all those who have a stake in the economy of the country, and in the future of the country. I thank everybody concerned for their goodwill and their co-operation with me personally. But this is not just a question of confidence. It has to be a confidence in the government as a whole. I know that whatever might be the dust and din created by the recent controversies,

> I do not think that we can afford deficit financing beyond what is provided for in the budget. So what I mean by keeping a general watch on the economy is to fund the plan, to fund relief work, to fight the effect of natural calamity, to promote investment and to keep a watch on the balance of payment situation

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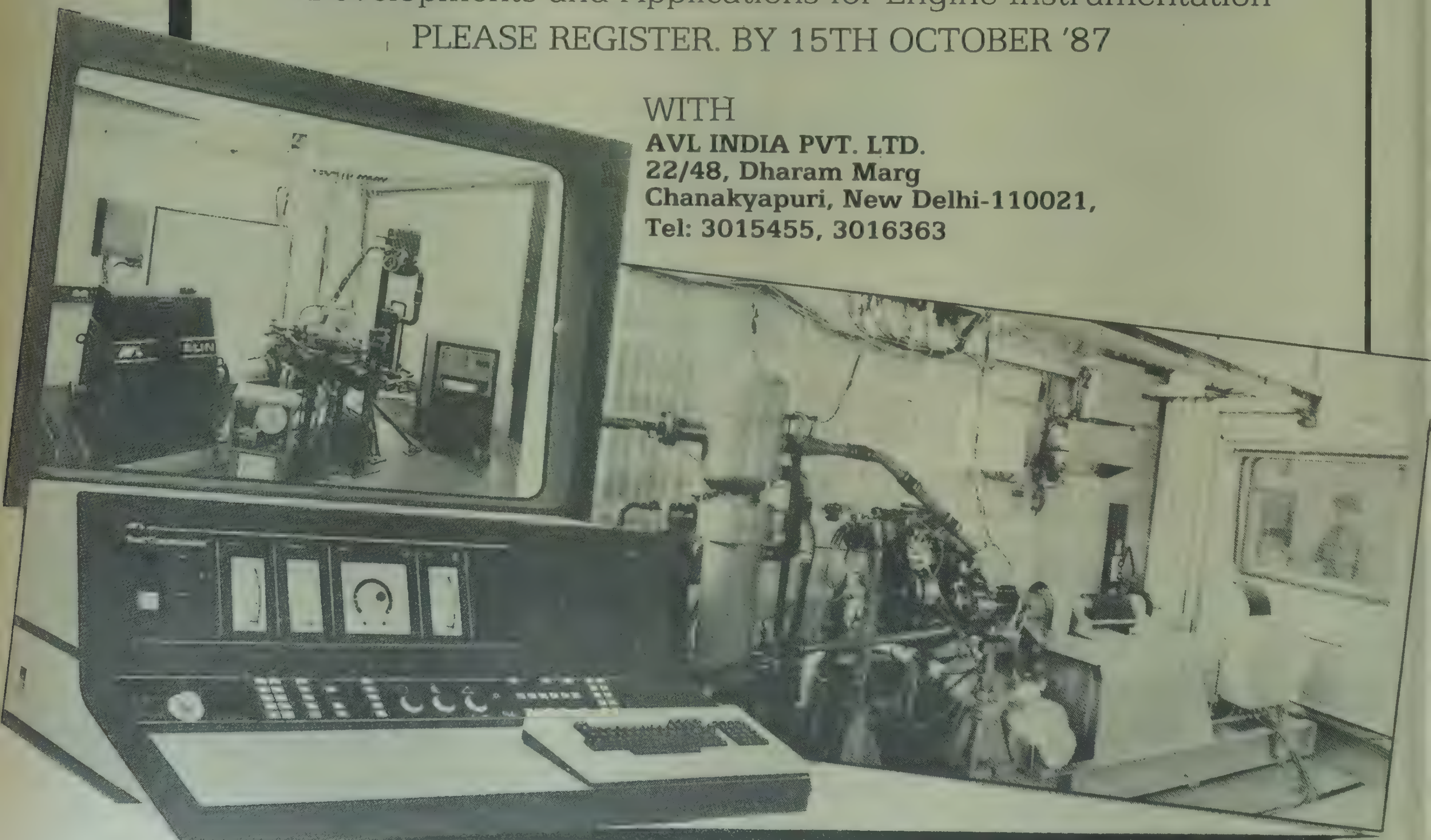
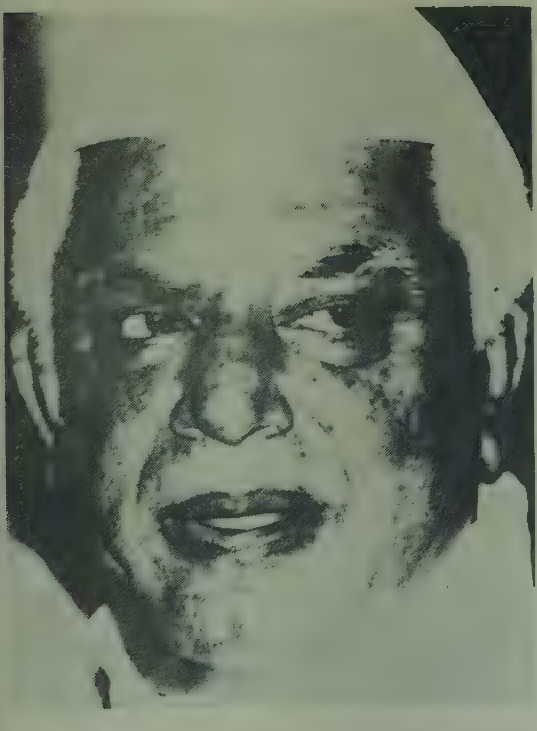


> **There is a certain impression earlier that the PM's policies were different from the policies pursued by Pandit Nehru and Indira Gandhi. As a matter of fact, these are the same Congress policies which had been pursued earlier. And the application of these policies has to take into account the level of economic activity and technological advancement of the times. So you can call it liberalisation in that sense that it was an application of the principles, of Pandit Nehru to the problems of the eighties and nineties**



people by and large have a stake in the policies being pursued by the prime minister. So now the question is, first of all, what are those policies; what is the relevance of those policies in the present context; how do we go about implementing those policies; in what manner — does it require phasing out any particular sector; and what should be the method of implementation; and how do we get the goodwill of the people in the pursuance of these policies? Because goodwill is also very necessary. That is why eminent magazines such as yours are helpfully creating an atmosphere which is conducive to proper implementation of those policies.

Sir, everyone wants to see a government that works and delivers. And we think we are somewhat disappointed today because we feel that the economy has come to a standstill or that the government has, in terms of decision-taking, come to a standstill. Therefore I was asking what are the practical steps we can take to restore confidence?

Decisions are being taken. What is happening is that because other news gets higher priority and the attention of the people is being diverted to some other matters, we cannot get the same publicity which we received earlier. So I hope that things will become normal within the next three months.

Will the policy of liberalisation which was started earlier and evoked a great deal of popular support continue?

Well, as I mentioned, there is a certain impression earlier that the PM's policies were different from the policies pursued by Pandit Nehru and Indira Gandhi. As a matter of fact, these are the same Congress policies which had been pursued earlier as far as basic principles are concerned. And the application of these policies has to take into account the level of economic activity and technological advancement of the times. So you can call it liberalisation in that sense that it was an application of the principles, basic principles of the Congress and Pandit Nehru to the problems of the eighties and nineties. So there has been no basic departure in that. Throughout the world, you find some countries liberalising, some countries applying controls even now. For example, the US has to apply controls regarding the export of technologies. Now the US government issues letters of intent for many areas regarding technology transfer.There have been disputes even between Japan and the US regarding the transfer of technology. So each country has controls suited to its own conditions. When I was in the industry ministry, I found that industry itself did not want liberalisation in many fields — for example, it was found difficult to apply economies of scale because that would make many industries sick.

You are right, sir, that industry doesn't want liberalisation. Most businessmen don't want competition. But consumers like it because of what it has done for the consumer. When you have a choice you can go and buy a scooter without waiting in a line. Or you can go and buy textiles at cheaper prices or you can buy electronic goods instead of relying only on smuggled goods. Unfortunately, the consumers are not organised as a lobby and therefore they tend to be forgotten.

When I appeared on the Janvani programme, people were, you know, mainly concerned with the quality of consumer goods supplied to them, the quality of services. If this were left to me, I would suggest to the Prime Minister that there be a quality month. Now, as you yourselves have pointed out from time to time in your editorials, we must have a mixed policy. It cannot just be called liberalisation; it cannot be dogmatic. It has to be a pragmatic and dynamic mix of policies and programmes which have to be fine tuned in their application from time to time — sometimes, even from budget to budget...

When you were industries minister, I think it will be fair to say that one of the constraints was perhaps the finance ministry, which was not helping to accelerate growth. Now, as finance minister, how can you assist the industries minister to accelerate growth?

Well, I would not say that the finance ministry even at that point of time was deliberately deaccelerating the rate of growth. There are built in constraints — for example, even if I want to be liberal in allocating foreign exchange to help modernisation, I simply cannot afford to. I might do it for a year or for two. But that means we run the risk of falling into a debt trap. Therefore one policy has to be considered along with another policy. And now you have to import more edible oils; you have to allow more foreign exchange to import oil products. So the prices have gone up a little. So, you see, some policies act as a constraint on other policies. The present moment especially, when as I had mentioned earlier, one of my priorities would be to control inflationary pressures. We have to hand out at least about Rs 2,000 crores to meet natural calamities.

But, sir, ultimately, whether it is containing inflationary pressures or raising large resources, this can only come about by way of rapid economic growth. If there is an addition to productive capacity, then there won't be inflation. If there is an addition to produc-

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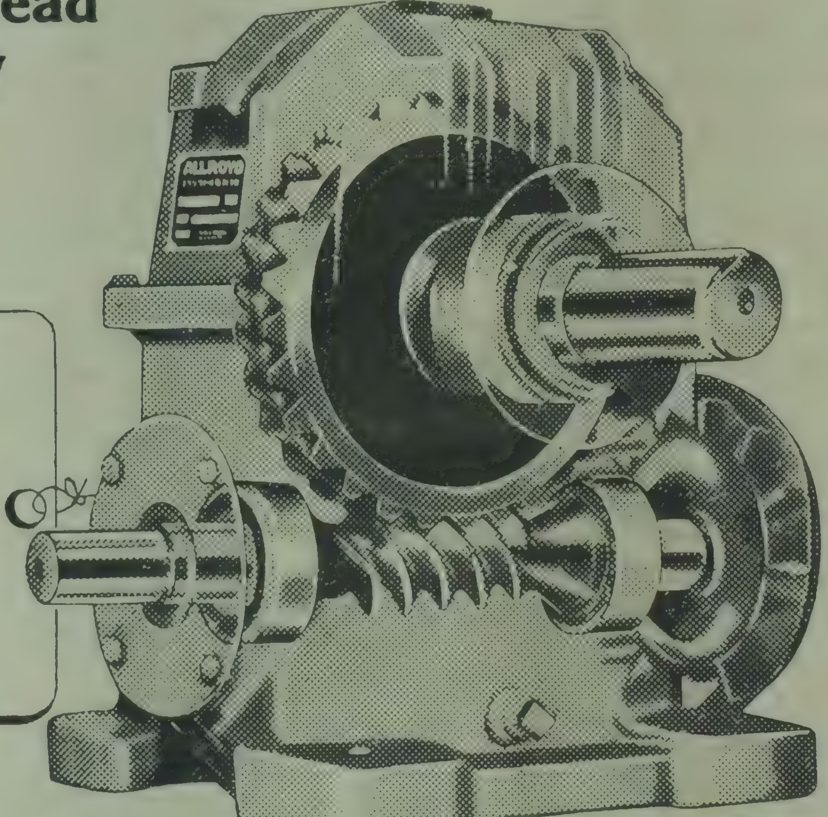

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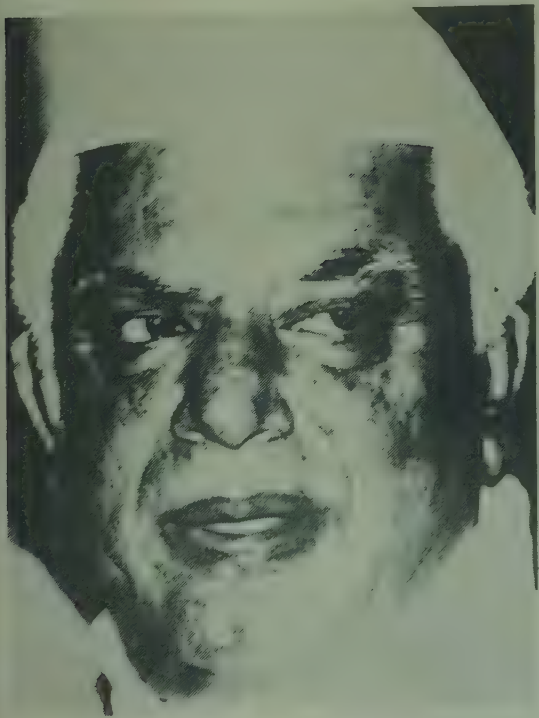
tion, there will be higher revenues in terms of excise, etc, so it will generate higher revenues in the long run. Therefore, sir, as finance minister, what are the steps you could take to accelerate economic growth?
Well, I think first of all we have a long term fiscal policy on that angle. And it is still there.

> **My aim would be to have asset-creating programmes for the poor; not just subsidies. How to create real assets, what assets will be needed by the landless agricultural labourer — that is our main problem. We have now about 250 million agricultural labourers in the country; now what should be done for them? What type of assets can we create for them? They don't have any land. They might have some hut or something... so what do we do for them... that is one of our basic questions**



The belief among a number of people is that in India we under perform in the sense that our economy has got much greater strengths, hidden strengths maybe, but it has these strengths which would enable us to perform and achieve a much higher rate of growth, much as any other Asian nation has achieved — be it Japan, be it China, be it South Korea. We have a number of hidden strengths which we should unlock to achieve a higher rate of growth.
That's right. You know, one of the major decisions that has been taken in the recent past is that we will allow industries to grow up through economies of scale. Now that is a very major decison. Whether in the public sector or in the private sector, or in the co-operative sector, we now encourage units to expand to a level where the economies of scale are reflected in productivity, etc. Now this is a major decision, and this has to be reflected in the economy. Now to my surprise every day you find some industrial house creating a controversy saying they should do this or they should do that. And when you have taken a decision in accordance with the liberalisation policy to aim for economies of scale, you have to defend it even if for the time being it helps some particular industrial house or industry. The problem is that here, industry is conservative in its approach.

It is, sir. But why should we worry about industry; we must worry about the consumer.
Here you have come to my priorities. Our policy mix will be that in which the poorest among the poor will constitute the apple of our eye. So my endeavour would be not just big industry-oriented. It has to encourage big investment. It also has to look after the common man; the majority of the people. So it is a continuation of basic policies — the policies of Gandhiji, Nehru, and Indiraji. There is an impression, which is entirely untrue, that we are only for the big people or for heavy industry. We are not looking after the farmers, the small farmers or the agricultural labourers. This notion has also got to be discussed.

Sir, we agree with you 100 per cent. But we believe that all the scarce resources of the govenrment — managerial, economic, and administrative — should be concentrated on the bottom 30 per cent of the poor, and the rest of the people should be left to look for themselves. But what are the steps that we might see over the next 12 months which will help the bottom 30 per cent of the population?
The IRDP, the NREC, the Special Component Programmes, the component programmes for the scheduled castes and scheduled tribes are being evaluated in the agricultural development department of the Planning Commission. Now I had the opinion of the RBI recently. I am again going to meet the RBI people. Then we shall have an intensive discussion with the rural development department and the co-operative department. Then we will put together a special proposal before the cabinet so that we can take a decison. Now, for example, there is the Maharashtra Rural Employment Guarantee Programme. There is the Karnataka Rural Affirmation Employment Programme. In some states, there are proposals to give unemployment allowances. Now we have to have a programme which gives employment to the under-employed, to the educated unemployed. So how much it will cost? How should it be financed? How one can reach the genuine people seeking employment is a burning problem.

Do you believe that the banking system, or the IRDP, or NREP have actually delivered a credit and a system to the poorest of the poor?
Well, that is what I have said. There have been complaints in many states that funds have not reached the intended beneficiary and that asset creation has not taken place. Especially there have been complaints regarding the cattle programmes. Perhaps you might hand over this programme to the co-operative movement or the National Dairy Development Board. They could be given animals so that they can form co-operative societies or they could purchase the animals instead of our giving them directly to the beneficiary. Let them identify beneficiaries.

But, sir, with no disrespect meant, the allegation is that it is the Congressmen at the local levels who are the biggest beneficiaries of these programmes and that the party may not like it if there is an efficient distribution of money.
I have not received, as of today, any complaint against local interference. When there are millions and millions of Congress members, you can say that some ordinary member of the Congress might have some complaint made against him. But I don't think that the complaint can be against any one political party.... This is a complaint which cuts across party lines. I will not give it a political colour. I

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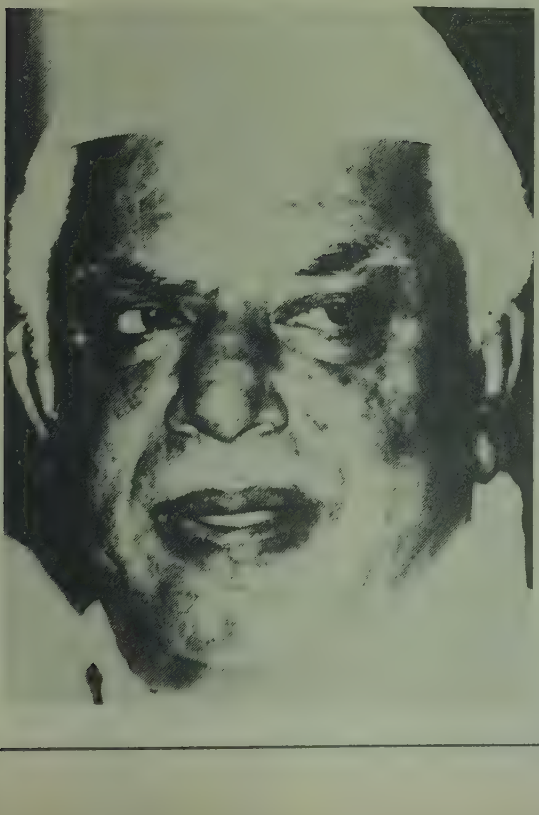
> **We now encourage units to expand to a level where the economies of scale are reflected in productivity, etc. Now this is a major decision, and this has to be reflected in the economy. And when you have taken a decision in accordance with the liberalisation policy to aim for economies of scale, you have to defend it even if for the time being it helps some particular industrial house or industry. The problem is that here, industry is conservative in its approach**



would say it covers the rural areas; it cuts across the social level of the rural structure.

Do you believe that a 7 to 8 per cent rate of growth is possible?
I think it is if we have good rains because we are still quite dependent on the monsoons. Today I met some leaders from Punjab. They were telling me that inspite of all that drought, farmers in Punjab have managed well because of the wells, canal systems and pumping sets. So that means the basic infrastructure to fight drought has been created in many states. Therefore what I say is that we have to follow a policy which is pragmatic as well as dynamic. A policy which is fine tuned to the needs of the seventh plan and also looking after the investment requirements of the economy. There is also a social purpose. For example, we have to fund the human resources development programmes. This requires an investment of Rs 1,500 crores.

Sir, the prime minister has often complained about the increasing capital output ratio. But while there are generous allowances given for investment in plant and machinery, there are no allowances given for creation of jobs. Why is that?
I think that's a good suggestion. I would request you to expand this idea.

Sir, how do you view the role of stockmarkets in this whole growth process? And what specific steps would you take to boost the stockmarkets?
Well, the stockmarkets have a role to play. In this connection, I think some steps were taken by the prime minister. I have also asked for some rational measures to be taken, and I think some of these measures may be announced in the near future.

Do you believe that the government should continue the policy of raising larger amounts by way of taxes but by lowering the rates, which has been the policy of the last two or three years?
Well, I think that this has been done in the past. I am having a close assessment made. I had a meeting with excise officers and income tax officers and this review will continue. So I have yet to firm up my conclusions. But generally the principle looks very sound. But under Indian conditions....

You said people want to avoid paying taxes.
I said many people, not all. And that is a world phenomenon. I do not say that we Indians are the only people averse to payng taxes. I am not being so anti-national. Because we have a tendency to downgrade and denigrate ourselves all the time.

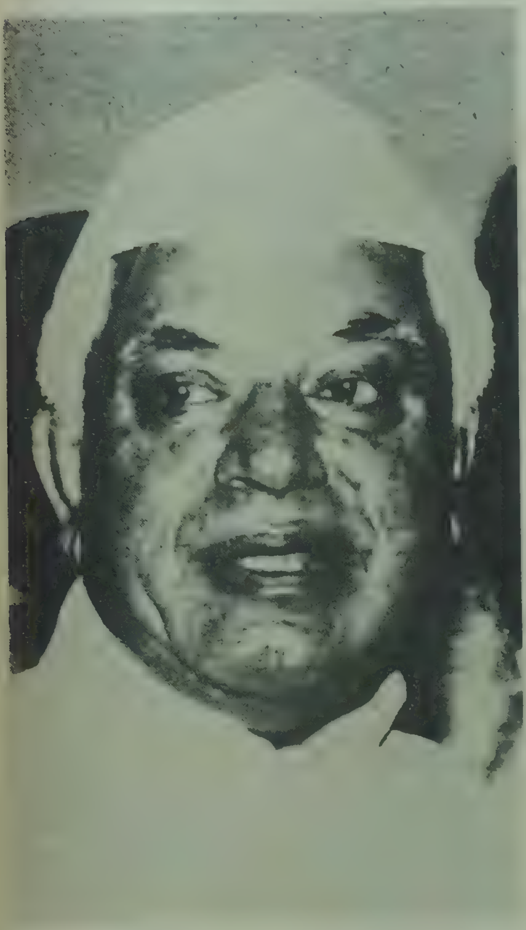
Sir, there is a general view in India that unfortunately people cannot carry on business without being corrupt and having Swiss bank accounts. It is believed that these are absolutely necessary to run business in India. All I am asking you is what you as the finance minister can do to help people become honest?
Well, many people say that this is the product of the capitalist system. The capitalist system reflects all these maladies. So how do you reform the whole system? That is the problem. But I do not think there are many people who would say Swiss bank accounts and corrupt practices are necessary to run business in India.

But, sir, there are many people who are honest but who are forced into the corrupt system. How do you help these people remain honest?
Well, I will not rule out the possibility that there might be certain individuals who begin honestly and then have to act corrupt. I have heard about this. People have told me about this. In all humility, I may say that I continue to consider myself an ordinary social, political worker. And that helps me. Because then it is easy for ordinary people to walk in and meet me. And that gives me feedback. All the time I get feedback from people from all walks of life.

Industrialists would like to know what is your strategy on excise arrears. Would you treat amounts that are stayed by the courts as arrears and create a blacklist?
I mentioned this recently. I have said that there was no blacklist earlier. It was a list of the less favoured... something like that. It was a list of people who were least favoured.

Even though everybody should be given equal treatment some will be treated differently because they have defaulted in obeying the laws.

But what if they have genuine disputes which have been brought out in the courts, and the courts have given stays?
I have been told that this list has been in the process of being revised from time to time. It has been revised three, four times. So many cases I think which were on the list but have since respected the law have had their names removed.



What incentives could you give to exporters or NRIs to bring a lot more foreign exchange into the country?
Well, here again I would point out there is a resistance to NRIs investing in India. I have met many people who are opposed to the idea of encouraging NRIs. I think genuine NRI investment should be welcome. And NRIs should be free to come to the country with their proposals. Already we have policies under which they can invest in India.

Sir, do you agree that a number of outdated measures like the gold control act or P forms which really serve no purpose today except to harass individuals should be scrapped?
I am told that my predecessor Viswanathji had set up some committee on the gold control rule. Let us wait for its report.

Sir, do you believe that there is any possible role for privatisation in India? Can some public sector undertakings invite participation from the public to help the government raise resources, particularly at a time like this?
I have not examined this issue yet. ☐

> **“I know that whatever might be the dust and din created by the recent controversies, people by and large have a stake in the policies being pursued by the prime minister. So now the question is, first of all, what are those policies; what is the relevance of those policies in the present context; how do we go about implementing those policies; in what manner — does it require phasing out a sector; and what should be the method of implementation?”**

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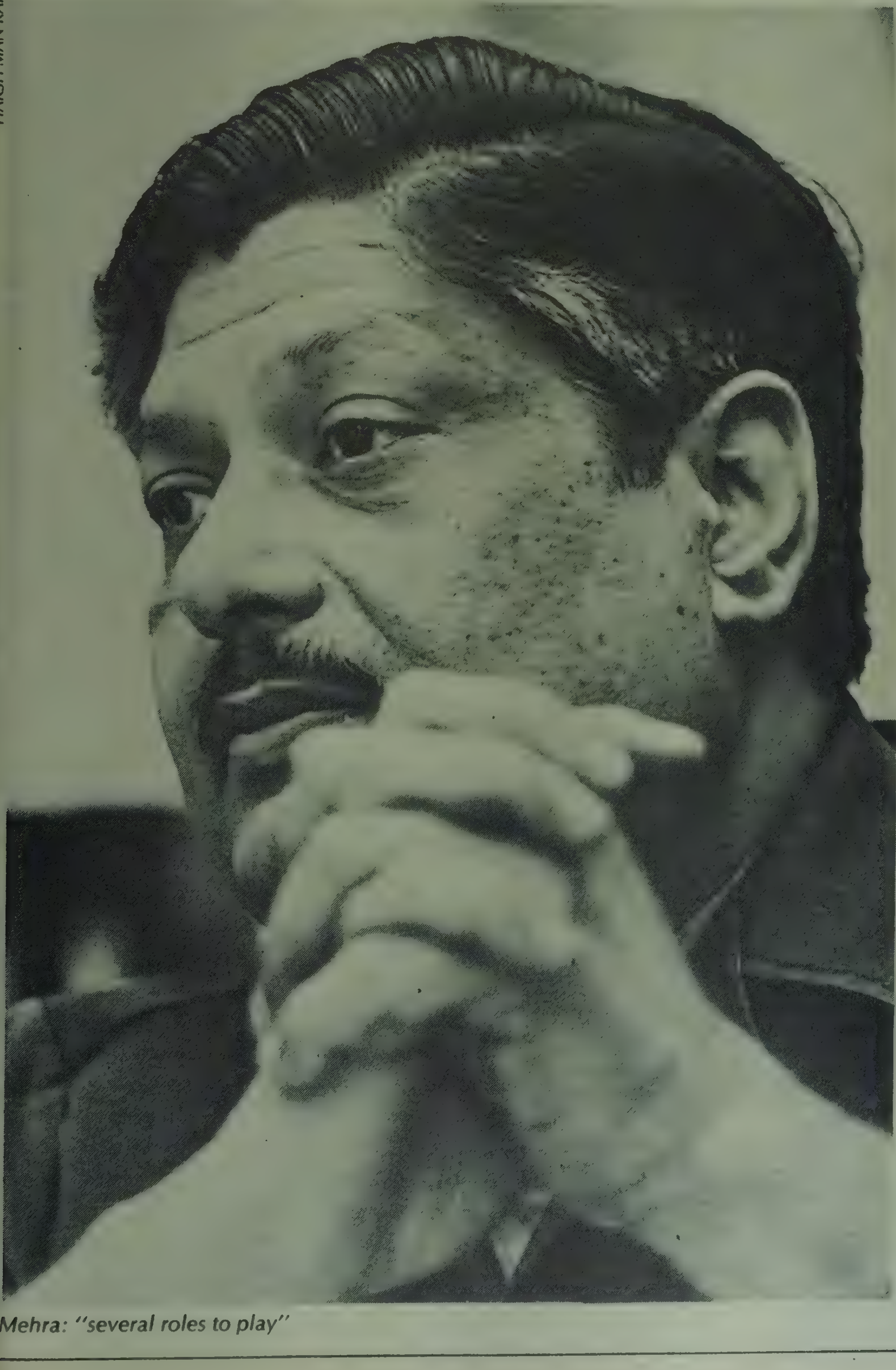
ORKAY SILK MILLS

Sticky questions

At Orkay's AGM held last fortnight, chairman Kapal Mehra had to answer a number of sticky questions. Especially about Orkay taking over the fixed assets of several associate concerns valued at about Rs 25 crores

HARSH MAN RAI



Mehra: "several roles to play"

The investing public can no longer be taken for granted. Annual general meetings which were hitherto regarded as a mere "statutory requirement" have become an important forum for shareholders to get the point of view across to the management. And the quality of questions, which usually ranged from the banal to the downright absurd, has improved dramatically. Shareholders today are, as they say, well plugged.

All this was obvious at the tenth annual general meeting of Orkay Silk Mills Ltd (the third since it went public in November 1984) held in Bombay on 9 September 1987. For three hours, over 2,000 shareholders asked several well-informed and searching questions to the team of directors on the dais. The management was clearly in the dock.

Consider the following issues raised at the Orkay AGM:

- Reasons for the two-month delay in despatching interest payments on debentures
- Inadequate depreciation provision which enabled Orkay to maintain its profitability at earlier levels
- The Mehra family renouncing its rights on the Rs 24 crore convertible debenture issue floated by the company last year.
- What use an "ocean-going vessel" could be for a textile company. (Orkay acquired this vessel for Rs 38 lakhs during the year.)
- And most important of all, the acquisition by Orkay of the fixed assets of associate concerns owned by chairman Kapal Mehra in lieu of non-payment of dues that ran into a staggering Rs 24.77 crores.

Mehra was able to field these questions neatly, but the signal was clear: the investing public is an alert lot today. And the interaction between Mehra and the shareholders at the AGM makes for interesting reading. According to Mehra, the interest payments arrived late because of "postal delays". Shareholders responded with utter disbelief, even catcalls. And only then did Mehra hastily admit: "There have been delays on our side too which we will rectify."

On why the Mehra family, which earlier had a 40 per cent stake in Orkay, renounced its rights on the convertible debenture issue last year which reduced its holding to 21 per cent, Mehra said: "Under MRTP regulations promoters who bring down their holding to less than 24 per cent have enormous flexibility to invest in new projects. I need the capital for this purpose."

When one shareholder stated that it was "rumoured" that Mehra had lost a substantial amount of money in the stockmarkets (for Orkay's price support operations) Mehra was surprisingly candid and cryptic "I have several roles to play, I am a father, brother, husband as well as a shareholder. In this case there have been borrowers and lenders and I can

The Mehras at the AGM (left to right): Pankaj, Jitendra and Kapal

say nothing more."

The most contentious issue as far as shareholders were concerned was Orkay's acquisition of the fixed assets of several associate concerns where the Mehras are directors. The notes to the accounts of Orkay's 1986-87 annual report states that: in the normal course of business the company had extended credit facilities to certain associate concerns with whom the company has been dealing for last several years. These associate concerns defaulted on payments early this year and Orkay decided to take over their assets.

It is a well-known fact that the Mehras own several associate concerns — Kapal Dyeing, Rajtex Synthetics, Enpeekay Textiles, Mehra Synthetics, Orkay Textiles, to name only a few. Orkay sold its yarn to these units and they in turn texturise it for Orkay. Orkay's agreement with these units dates back to the years when it was a private limited company. According to Mehra then, these associate concerns were virtually "captive units" of Orkay.

Early this year, these concerns, which had purchased substantial quantities of yarn from Orkay, failed to make payments on the due date. Normally these outstandings (estimated at Rs 25 crores) would have appeared under the head 'sundry debtors' in the balance sheet. The Orkay management felt that this would not have been a healthy practice and thus exercised the option available of taking over the assets of these associate concerns.

The addition to gross block in the balance sheet from the acquisition is Rs 24.77 crores. Two years ago, at the 1985 AGM, Mehra had proposed the merger of these associate concerns with Orkay. Last year there was no mention of this plan. And now, Mehra stated at the AGM last fortnight that "certain promises given by me earlier have been fulfilled as a *fait accompli* and today your company is a totally integrated plant having all the equipments and in-house facilities which was earlier being done on a job work/sale basis with these associate concerns."

What appears to have happened is quite interesting. Mehra's associate concerns had indeed purchased substantial quantities of yarn from Orkay and payments were overdue. But apparently, the money could not be paid on time because it was utilised to support Orkay's price in the stockmarkets. And this strategy, if market sources are to be believed, failed miserably and cost a lot of money. Consequently, the associate concerns could not settle their dues with Orkay and the entire transaction had to be "squared" through acquisition of assets.

The Orkay scrip, which is today languishing at around Rs 35, was once rated very highly on Dalal Street. The company made a convertible debenture issue in July 1986, just weeks before its results for 1985-86 were to be announced. The prospects appeared to be bright, as the management had promised a dividend of 30 per cent and gross profit of Rs 23 crores. But the actual gross profit was much lower and the company paid a dividend of 25 per cent. At this stage the Mehras embarked on a massive price support operation — to maintain the share price in the Rs 100-120 range.

It is not possible to compute the quantum of funds utilised for these operations, but it is believed to be substantial. Using their own funds as 'margin money', the Mehras had several brokers on Dalal Street who also financed the share purchases. The transactions are complicated and several brokers state that the Mehras have "reneged" on their obligations. However in the end, say market watchers, Orkay's share operations failed to achieve anything. The Orkay price was driven down to Rs 35 and the Mehras by their own admission, are faced with huge liabilities.

Mehra asserts that he personally lost in the transaction, while the shareholders of Orkay have benefited. "If the merger of these associate concerns had taken place normally we would have received shares of Orkay as consideration. But with the acquisition of assets, only the shareholders stand to gain. So personally, I have lost out."

However, Orkay's status as an integrated unit does not come at an opportune moment. All synthetic textile units are facing a severe pressure on margins, resulting in lower profits. Orkay's results for the year ended 30 March 1987 are not encouraging. Sales were 6.5 per cent lower at Rs 227.67 crores (Rs 242.72 crores in the previous year) and the operating profit fell to Rs 16.52 crores (Rs 20.24 crores). But profitability was maintained at more or less earlier levels (Rs 7.85 crores, compared with Rs 7.70 crores), thanks to lower interest and depreciation charges. While the allocation for depreciation was 41 per cent lower (by Rs 3.51 crores), and consequently the net profit higher by the same amount, Orkay added Rs 26 crores to the gross block during the year. So does the under-provision for depreciation jeopardise the company's ability to internally generate funds for future capital investment? Says Mehra, "We have not transferred money from reserves to service equity. The company's reserves position is very comfortable."

But for Orkay, like other synthetic textile units, the days of high profits are deifnitely coming to an end. Falling price realisation and new competitors are undermining the position of the Big-5 in the business.

Perhaps realising this, the company is moving aggressively into the brave new world of bio-technology. The collaboration with Cetus of the US for the synthesis of anti-cancer drugs based on IL-2 is at an advanced stage. The food and Drugs Administration (USA) has recently approved clinical trials in the US and Mehra expects to launch the Indian operations in 1988. Another project for the manufacture of vaccines for hepatitis-B is fast taking shape. However, the textile units are not being starved in the process. Capital goods clearance for POY expansion (from 6,000 tpa to 15,000 tpa) is awaited. And a substantial portion of the loom capacity will be reserved exclusively for garment exports.

All in all, Orkay's plans appear to be viable — the only questionable aspect has been the Mehras' "price support" operations. Had it succeeded Mehra today would have been the darling of the investing public. But it has failed; and this should serve as a timely warning.

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SPIC

Big entry into chemicals

If all the plans of this Madras-based fertiliser giant click, it could emerge as the flagship of a major multi-product group in the next few years. And the man at the helm, A. C. Muthiah, as the country's major industrialist

SPIC's fertiliser plant: spinning off big projects

There is a lot of action at Southern Petro Chemical Industries Corporation Ltd (SPIC), the Madras-based fertiliser giant. The company is entering the chemicals industry in a big way. Recently, it made news by taking over Manali Petrochemicals Ltd, a Kothari group company that makes propylene and polyols. Soon it will also acquire the caustic soda plant of Kothari Industrial Corporation Ltd (KICL). In 1985, it co-promoted Tamil Nadu Petro Products Ltd to make linear alkyl benzene (LAB), an essential material for the manufacture of detergents. The LAB project goes on stream next month. And the company is promoting a clutch of new companies to make detergents, pharmaceuticals and even electronic products.

The corporation expects to generate investments of about Rs 240 crores on new projects over the period 1987-1989. By the middle of next year, it will have taken on new investments worth Rs 100 crores. The top management expects that within the next three years, the turnover of all these new projects will equal SPIC's. The man behind these ambitious diversification plans is A. C. Muthiah, chief executive, and son of M. C. Chidambaram, who promoted SPIC in 1969.

Muthiah took over charge just four years ago when S. Venkitaramanan, the IAS officer who with his team made possible SPIC's spectacular comeback, left the company to become the secretary, department of power and subsequently secretary, finance.

In 1977, Chidambaram and Muthiah decided to ask Venkitaramanan to run SPIC to turn it around. Under his leadership, as is well known now, SPIC staged a dramatic recovery. But what is not so well known is that Muthiah, who was designated executive vice-president, administration and personnel, during those years worked very closely with Venkitaramanan.

Says a professional manager who was involved in SPIC's turnaround, "The family had received a lot of unfavourable publicity due to SPIC's poor performance; possibly because of that Muthiah chose to keep a very low profile. But he took his tasks of administration very seriously. It took some time for even the senior managers to realise that Venkitaramanan and Muthiah worked in a very subtle tandem. During the same period Muthiah was also involved in running SIC and trying to turn around API. When Muthiah took over as chief executive in 1983, his task was to sustain the success of the organisation and to launch a diversification programme to put SPIC on an even more firm footing.

The prospects of the fertiliser industry are highly dependent on the monsoons and government policies; the failure of the former and changes in the latter can turn the fortunes of the company upside down. And SPIC has been no exception.

Till the end of 1983, the year Muthiah took over, SPIC had just turned the corner and was not in a position to invest in new projects. The only projects the company could think of were the utilisation of byproducts like gypsum and fluorine gas. It also put in Rs 75 lakhs in Tuticorin Alkali Chemicals Ltd (TAC), a project promoted jointly by SPIC and TIDCO to manufacture soda ash and ammonium chloride based fertilisers. SPIC's shareholding in TAC was increased to 25 per cent.

In 1984 SPIC's performance improved, with a sales turnover of Rs 535 crores and a gross profit of Rs 58.54 crores. By 1985 it could really think about major expansion and diversification. That year it promoted the Rs 180-crore Tamil Nadu Petro Products Limited (TPL), with TIDCO, to manufacture LAB, an essential raw material for the manufacture of detergents. SPIC holds a 25 per cent share of the equity, TIDCO 16 per cent and the rest is held by the public. People in the know say that Muthiah fought tooth and nail to get this project for SPIC, for which there were many takers including Hindustan Lever and Reliance.

However, the company received a setback in 1986, when turnover slumped to Rs 421 crores. This year, the north-west monsoon has failed and it is to be seen how the south-east monsoon turns out in the next few months.

An overview of the fertiliser plant: logical diversification into chemicals

Thus some doubts have been raised about the company's ability to raise the resources for its plans. However Muthiah feels that the setback of 1986 is a temporary one and that the investment is feasible. According to G. Dwarkanathan, the company has practically repaid all its big loans. Its debt equity position is quite good. Therefore, it has the ability to mobilise funds. On its net worth of about Rs 100 crores, it can borrow almost Rs 200 crores. "We cannot really shelve our diversification plans because of two bad years," he says.

NEW COMPANIES

Muthiah has been quite careful in working out the funding of all the new projects. The amount which is diverted from reserves to projects other than fertilisers is removed from a company's net worth eligible for fertiliser subsidy. Muthiah has got around this by setting up new companies for most of the projects. SPIC will have only a 25 per cent equity participation in each which means that it will have to find only about Rs 35-40 crores by mid-1988 for its current Rs 100 crore plans. This should not be too difficult since the company is hopeful of getting about Rs 35 crores as an inventory carrying subsidy.

This year Muthiah sprang a surprise on the corporate world by taking over Manali Petrochemicals Ltd, a company floated by Kothari Industrial Corporation Ltd (KICL) to manufacture 12,000 tonnes per annum (tpa) of propylene oxide, 6,250 tpa of propylene glycol and 6,000 tpa of differnet grades of polyol. Foam rubber mattresses, insulation material, and industrial packaging materials can be manufactured from these intermediates. The project cost is expected to be around Rs 63 crores and work on it will commence soon. Out of the equity capital of Rs 18 crores, SPIC will chip in Rs 7 crores. In addition, another Rs 7 crores will be provided as unsecured loans subordinate to equity.

Muthiah also plans to acquire Kothari's 66,000 tpa caustic soda plant and 58,000 tpa chlorine plant. SPIC will take over KICL's term loan liability of about Rs 21.32 crores and also pay a net amount of Rs 9.70 crores in instalments. Many industry watchers are surprised at SPIC's proposal to take over this plant. It is power intensive, has been losing heavily and is considered quite unviable because of the poor power situation in Tamil Nadu and also because of competition from cheaper imported caustic soda.

Although Muthiah is not willing to comment on this aspect, it is well known that the plant's difficulties stemmed partly from management and cash flow problems. With these problems sorted out it is expected to perform better. Moreover, SPIC's technical team feels that if the caustic soda plant is made to operate at a little over 50 per cent of capacity, it will become viable. And with suitable process modifications power consumption can be cut down. Also a new caustic soda/chlorine plant of the same capacity, would today cost about Rs 65 crores. SPIC has managed to acquire this project for less than half the cost. And, as Muthiah points out, whoever requires LAB will also require caustic soda and soda ash. So marketing should not pose much of a problem.

Kothari's caustic soda plant manufactures chlorine as a byproduct. Although there has not been a heavy demand for chlorine, Muthiah is convinced that it will be in short supply soon. Manali Petrochemicals itself will need about 10,000 tonnes a year of chlorine, which is required for the conversion of propylene into propylene-oxide. Kamar Petro Chemicals, which is coming up in the vicinity to manufacture 6,000 tpa of polyols and 10,000 tpa of propylene oxide, will also require 10,000 tonnes a year of chlorine from this plant. Also, according to a chemical industry source, the indigenous manufacture of thermoplastics has opened up many possibilities for the utilisation of chlorine.

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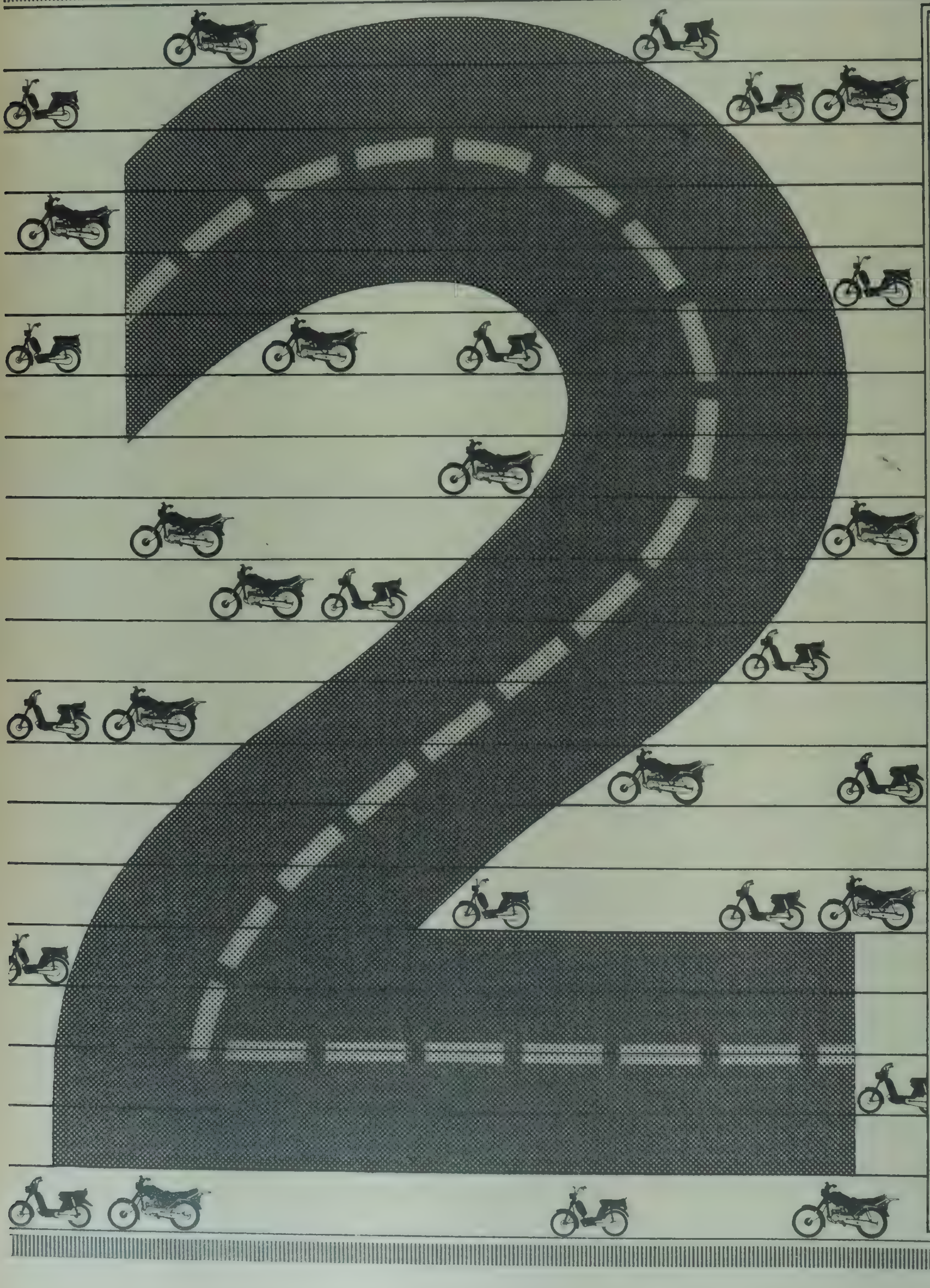

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Box 1

Father and son

M. A. Chidambaram, the chairman of SPIC, is one of the sons of Raja Sir Annamalai Chettiar, a wealthy businessman who got his little Raja of Chettinad from the British. Annamalai University, originally the Sri Minakshi College of Chidamabaram, was named after him. Like most Chettiars of the pre independence era, he was involved mainly in banking and trading. One of the first manufacturing projects he entered into after independence was Madurai Textiles, which eventually became Madura Coats. He also got into industries like cement and sugar.

In 1956, after the family fortunes were split up. Chidambaram began to build his own group of companies. The M. A. Chidambaram group then consisted of one major company, South India Corporation (Agencies) (SIC) Limited. Originally a trading house in iron and steel and electrical equipment, it also pioneered shipping, clearing and forwarding activities in South India. Later on the company diversified into stevedoring, ship repairing, ship chartering and marine engineering. The company's turnover last year was about Rs 26 crores.

SIC is the mother company that has spawned some 50-odd companies over time. Some of the well known names are Automobile Products of India (API), Mercantile Credit Corporation, First Leasing Company of India, South India Sugars Ltd, Tube Suppliers Ltd, Tubes and Malleables Ltd, India Raiators Ltd and Western Thomson (India) Ltd. The newest company, is Indrad Auto Components Ltd, a public limited company set up to manufacture wiper motors, wind shield wipers and flasher relays for automobiles, in collaboration with Mitsuka, Japan.

Chidambaram: an asset to the group

Of course the star of the group is SPIC. SPIC alone has pushed the group to the *Business Standard* list of 20 large industrial houses. When the Tamil Nadu government wanted to put up a fertiliser project in Tuticorin, there were very few takers. Chidambaram was finally persuaded and he was able to mobilise 25 per cent of the equity capital (Rs 19 crores) along with TIDCO. This was a very big investment in the late sixties. His own group of companies then did not have that kind of turnover.

SPIC was at first beseiged with unforeseen problems. "Chidambaram's style is to employ people who know their jobs and give them full power," says an associate. When S. Venkitaramanan was brought in he was given the complete run of the company. There was no interference from the family, and Venkitaramanan could implement all his plans to turn the company around.

Chidambaram is known for his old world charm, his contribution to sports (the cricket stadium in Madras is named after him) and most importantly for his enviable connections. For instance, one associate points out, during its formative years SPIC had to fight for the feedstock naphtha and Chidambaram tried to get Vikram Sarabhai to influence the government! His ability to "win friends and influence people" has always been a great asset to the group.

Chidambaram's son Muthiah is a mechanical engineer from the University of Madras, with a management degree from the University of Detroit. He started with SIC, then API, and finally SPIC. Today he runs the group. Says the associate quoted earlier, "Chidambaram groomed his son, and today he has left everything to him and remains in an advisory position."

S.R.

SPIC has alreayd started running the plant on behalf of the Kothris and the formal sale is expected to be completed in the next few weeks. Luckily for SPIC, the caustic soda market seems to be picking up. The National Aluminium Corporation (NALCO) had earlier decided to import cheap caustic soda from Saudi Arabia. That deal seems to have fallen through and SPIC has been quick to utilise this opportunity. It has managed to ship 3,000 tonnes of caustic soda to NALCO. (SPIC acquired two chemical carriers as part of its diversification in the last two years.)

Muthiah has also finalised plans for a Rs 45 crore detergents project. A new company, SPIC Henkel Chemicals, is being floated. It will be jointly promoted by SPIC, TPL and Henkel. SPIC will chip in about Rs 5 crores as equity. The technology will be provided by Henkel, the West German pioneer in phosphate-free detergents. Work on this project will begin at the end of this year.

All these projects promoted by SPIC — TAC, TPL, Manali Petrochemicals — the caustic soda/chlorine plant that is being taken over, and the proposed detergent unit, complement each other. "We are moving ahead in a logical expansion programme. Ours has been an integrated approach," says Muthiah. "We are not committing funds without being convinced about the returns."

EXPORT POTENTIAL

Apart from the projects, SPIC also plans to get into the manufacture of pharmaceuticals and electronics. The pharmaceuticals project envisages the manufacture of penicillin and 6 APA (the intermediate required for semi synthetic penicillin). The project, which is awaiting clearance from the government, is expected to cost Rs 50 crores, of which Rs 18 crores will be provided by SPIC. "We have got a good collaboration with a Portuguese company. The export possibilities are tremendous," says Muthiah confidently. The company is awaiting final clearance from the govenrment shortly. A R&D lab has already been set up and work on the project will begin soon.

A new company, SPIC Electronics and Industries Ltd, has also been set up for the manufacture of magnetic media such as computer tapes, floppy diskettes, and video tapes. The technology is beng provided by Computer Resources Inc of the US. The company will also manufacture integrated circuits which will be in the market by the end of 1987. The other products will be launched by next year.

The electronics project is expected to cost Rs 32 crores. SPIC will put up Rs 2.5 crores as equity and will provide Rs 4.5 crores as an unsecured loan subordinate to equity. Here again, Muthiah points out, SPIC has deliberately chosen to enter industrial grade products the manufacture of which is somewhat like that in the process industries. And this project will give SPIC exposure to the booming electronics industry with chances for vertical and horizontal integration eventually.

Muthiah also wants SPIC to participate in the Rs 900-crore aromatics complex being set up by Madras Refineries Ltd. If SPIC is taken on as a partner it would have to raise about

Rs 45 crores. However, SPIC has a strong contender, IPCL, to reckon with. But Muthiah is confident. "I don't see why we should be rejected," he says. "We have the technical and financial capability".

Apart from these major investments, SPIC also plans to take over Southern Agrifurane Industries Limited, a sick unit, originally promoted by TIDCO and SPIC. This company will be merged into SPIC. This was a company set up to manufacture furfural, a solvent extracted from bagasse for use in refineries. About Rs 4 crores will be spent on reviving this unit.

If one looks at these projects carefully it is apparent that these are all units which have a fairly short gestation period. It is necessary that these projects start paying fast. Muthiah himself says that he has to get returns on his investments without having to wait overly long.

But, at the same time, the going may not be all that easy. True, the LAB plant has been completed on schedule and will be commissioned in October. However, it is running neck and neck with Reliance's LAB plant. And if Reliance is able to get the cut in duty on imported paraffin (the raw material it needs to make LAB) that it is asking for, its LAB will be a lot cheaper than that of TPL and IPCL.

Also, SPIC is moving into intensely competitive areas for the first time. The group will have to build a strong marketing set up. As Muthiah himself says, so far the recruitment policy has laid heavy emphasis on engineering. Now he has to get people with skills in consumer marketing. "We hope to take advantage of SPIC's rural penetration. This will come in handy for the marketing of detergents and pharmaceuticals," he says.

UNCONVENTIONAL DECISION

Muthiah also has to scout around for professionals for the top positions. He has started working on this. "My chief executives will run their companies. The boards will have people who will assist them. I have been appointing very sound people," he says. SPIC has always seemed to be a company with a not-so-strong second level. According to Muthiah, in the last two or three years younger managers have been given a lot of responsibilities and they have shaped up well.

Muthiah has shown that he can take unconventional decisions, unlike most south based businessmen who are overly cautious. Way back in 1973, when Farouk Irani (now president, First Leasing Co. of India), talked to him about starting the country's first leasing company, he was willing to invest in it. One of these decisions (unrelated to his plans for SPIC) is to put in Rs 1 crore in Standard Motors of Madras. He plans to do this through a rights issue. Standard Motors has applied to the Controller of Capital Issues for a rights issue in the ratio of 1:1. The promoters will relinquish their entitlement of rights shares in favour of Muthiah.

Reportedly, Muthiah is looking at several companies very closely as possible takeover targets to fit in with his forward and backward integration plans. He admits that if a good company is available and it fits in with his strategic planning, he will not be averse to the idea. "Takeover is not a dirty word," he says.

Those who have worked with Muthiah confirm that he has a tremendous long-term vision and the ability to get along with people who matter at the state government level as well as the centre. So all the signs suggest that SPIC could soon emerge as the flagship of a major multi-product group and Muthiah as a major industrialist with diverse business interests spanning fertiliser, chemicals, automobiles and shipping.

SUSHILA RAVINDRANATH

Box 2

Muthiah's plans for API

Not many people know that M. A. Chidambaram was the man who introduced scooters to India. He took over the Bombay-based Automobile Products of India (API) in 1956. When API entered into collaboration with Innocenti SG Milano of Italy, it became the first company to manufacture Lambretta scooters and three wheelers in the country. In its time (almost till the late seventies) API remained a successful company, a real money-spinner. In 1979 API produced and sold about 30,000 scooters and had nearly 30 per cent of the market share of scooters.

The slide began almost immediately after this. Says a spokesman from the two wheeler industry, "The management let down the company very badly. When the Lambretta was indegenised, quality problems erupted. The Firodias (now Bajaj Auto) reacted much more quickly than API which started suffering from high cost of production, high wages and low productivity." By the mid eighties, API lost its market completely to Bajaj Auto and a number of new generation two wheeler makers in the market. In 1986-87, it could sell only 3,645 scooters!

API has also faced serious labour problems, with the Datta Samant led union. Since the begining of 1986, API has reduced its workforce at its Bhandup plant from 2,000 to 1,300. The turnover during the year ended 1986 was about Rs 32 crores and the company made a loss of about Rs 2.5 crores. The total carry forward loss is almost Rs 5 crores. The company closed down for three months last year. Now some kind of settlement seems to have been made as the company has successfully launched a voluntary retirement scheme.

The company has managed to market its three wheelers quite successfully. API also has another plant in Aurangabad (Maharashtra) manufacturing brakes and clutches, which accounts for 30 per cent of the company's turnover.

Muthiah: 'takeover is not a dirty word'

Muthiah is now keen on turning around and consolidating API. His plans do not include getting back into the highly competitive two wheeler market immediately. He will concentrate on three wheelers — API can push its vehicles as load carriers as against Bajaj's three wheelers which are sold mainly as passenger carriers. "We would also like to develop a rural vehicle eventually. Even today 50 per cent of rural transportation is by bullock cart. A low cost vehicle will have good potential," says Muthiah.

Although at the moment Muthiah does not quite want to talk about his plans, there are some interesting possibilities. He is reportedly negotiating with a major Japanese two wheeler manufacturer for transfer of technology for the upgradation of his three wheelers. He has announced his intentions of becoming a partner in Standard Motors. In spite of its problems, this company is the only manufacturer in the country of trucks and motor cars. It will be interesting to see what the combination of API, Standard Motors and Japanese technology will produce.

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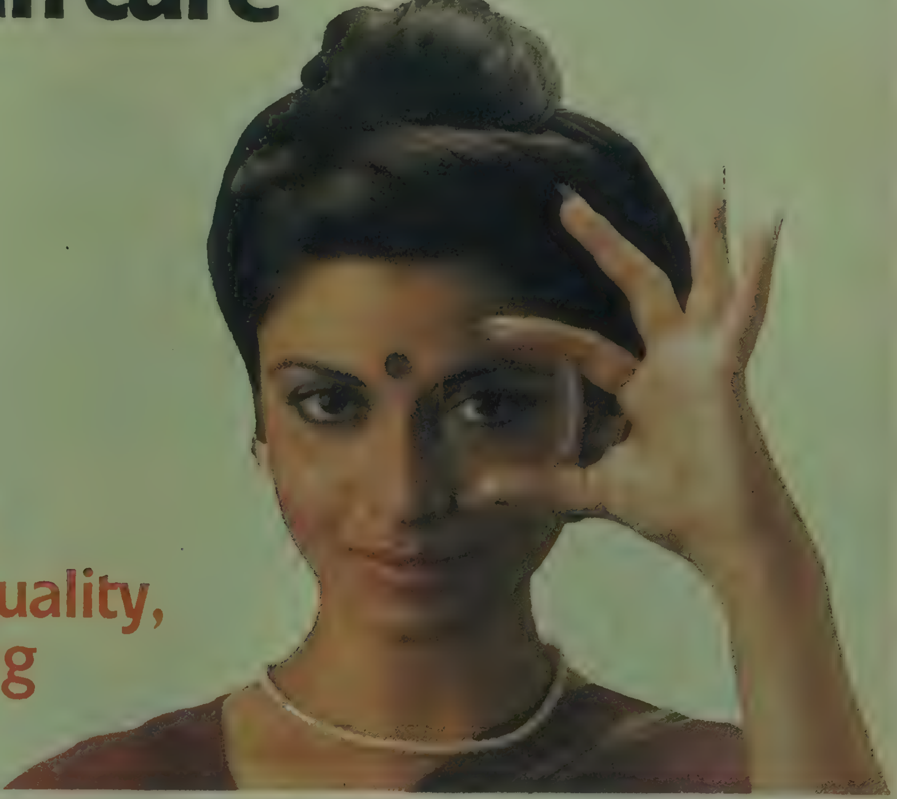

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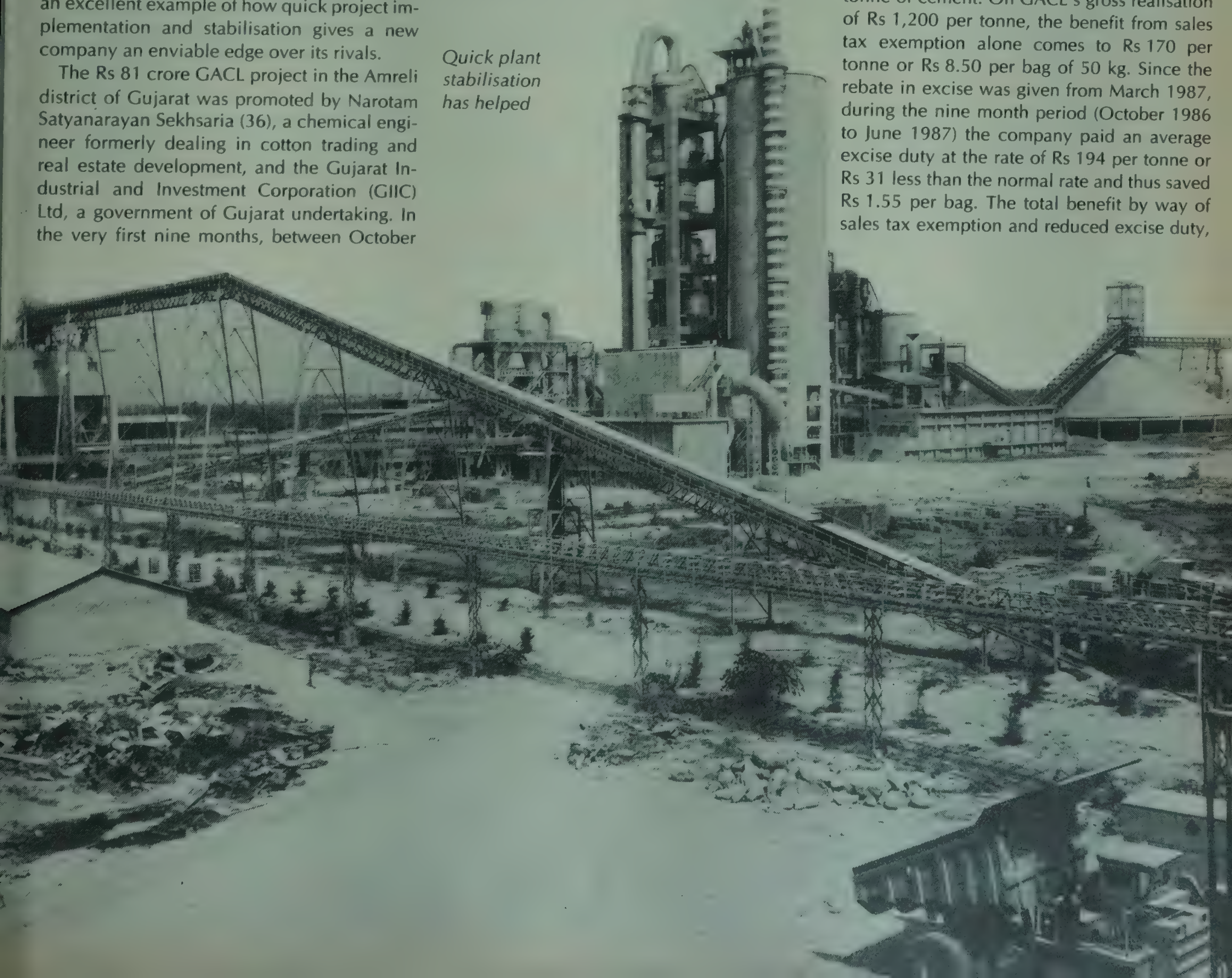
GUJARAT AMBUJA CEMENT

A heady start

Within a short span of nine months, the company has come to dominate the fiercely competitive cement market in Gujarat. Quick project stabilisation, high product quality and exclusive tax benefits have all helped. But soon, the competition is going to hot up

Out of the 50 odd companies manufacturing cement in the country today, only a few make handsome profits. Gujarat Ambuja Cement Ltd (GACL) is one of them. Even though it entered the market late last year, GACL has already established itself as a leading cement producer in the fiercely competitive Gujarat market. Its quick success is also posing a major threat to some of the established cement producers in Gujarat. The success of GACL is an excellent example of how quick project implementation and stabilisation gives a new company an enviable edge over its rivals.

The Rs 81 crore GACL project in the Amreli district of Gujarat was promoted by Narotam Satyanarayan Sekhsaria (36), a chemical engineer formerly dealing in cotton trading and real estate development, and the Gujarat Industrial and Investment Corporation (GIIC) Ltd, a government of Gujarat undertaking. In the very first nine months, between October 1986 and June 1987, GACL produced 3.68 lakh tonnes of cement by operating at 70 per cent of capacity. It earned a gross profit of Rs 7.17 crores on sales of Rs 40.52 crores. This rate of profitability is far above the average 9 per cent for the cement industry (see table 1). Says an obviously proud Sekhsaria: "Our achievement is outstanding not only by the cement industry standard, but also by that of any other industry."

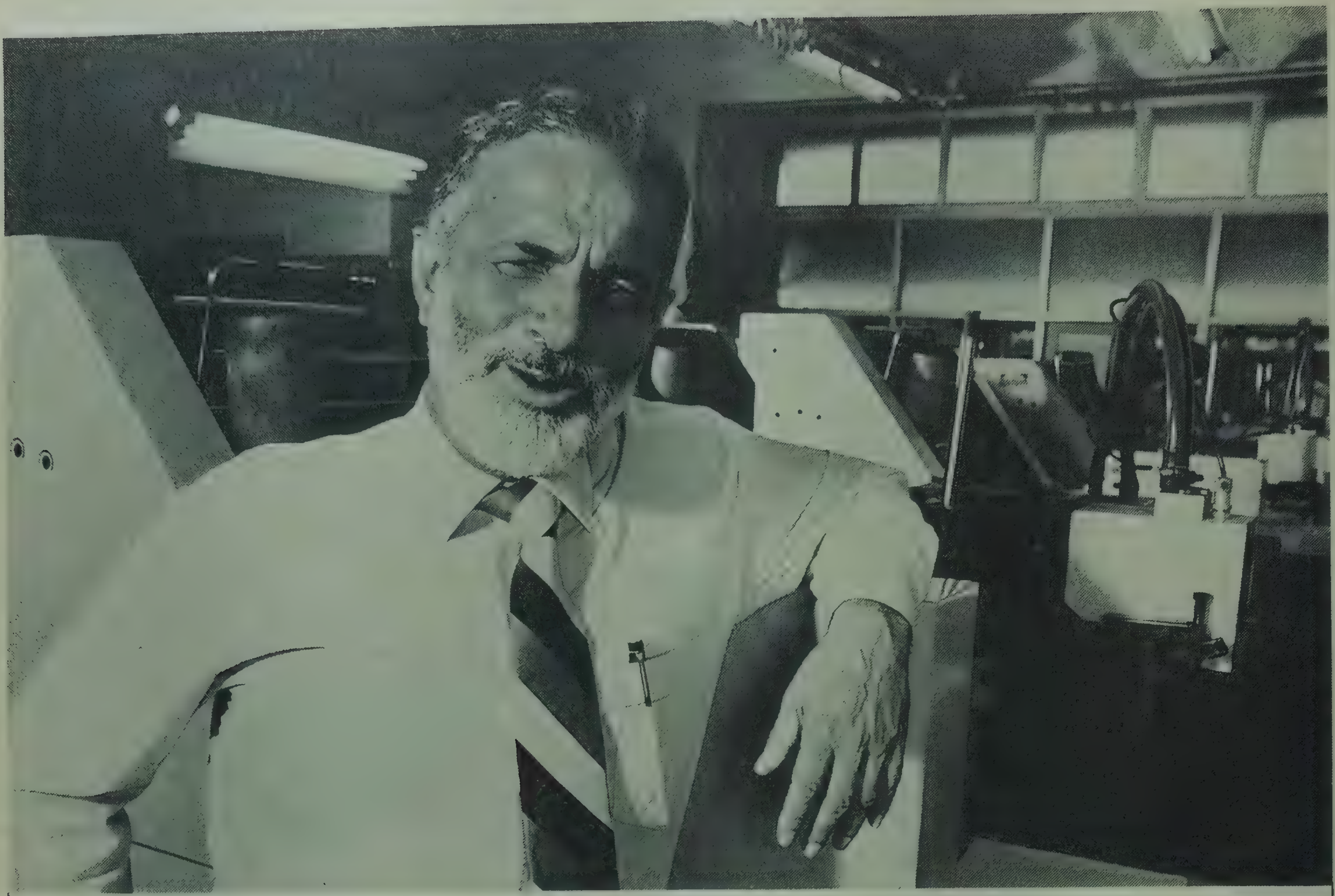


Quick plant stabilisation has helped

How did GACL manage to perform so well when most other cement producers keep complaining about the erosion of profit margins, rising costs of production and declining cement prices? *Business India* spoke to a number of manufacturers in the industry, particularly, those who are operating in Gujarat. On one point all are unanimous — GACL being the only "post-1986" new unit in Gujarat enjoys substantial fiscal benefits over the others.

For one, it can sell 85 per cent of its production as free sale cement, against 70 per cent in the case of "post-1982 but pre-1986" new units, and 50 per cent in case of old units (pre-1982). For another, since March-1987, the post-1986 units are also given an excise rebate of Rs 50 per tonne from the normal excise duty of Rs 225 per tonne that has to be paid by all others in Gujarat. To top it all, GACL is located in a notified backward area of Gujarat, and hence it is totally exempt from the state's sales tax of 14.5 per cent.

All this adds up to a whopping benefit per tonne of cement. On GACL's gross realisation of Rs 1,200 per tonne, the benefit from sales tax exemption alone comes to Rs 170 per tonne or Rs 8.50 per bag of 50 kg. Since the rebate in excise was given from March 1987, during the nine month period (October 1986 to June 1987) the company paid an average excise duty at the rate of Rs 194 per tonne or Rs 31 less than the normal rate and thus saved Rs 1.55 per bag. The total benefit by way of sales tax exemption and reduced excise duty,



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Sekhsaria: outstanding achievement

available to GACL was therefore Rs 10 per bag or Rs 200 per tonne.

According to P. C. Jain, vice-president (commercial), GACL, the total benefit for the year ended June 1987 worked out to Rs 4.61 crores. And in a full year on a 100 per cent utilisation of capacity, the company is expected to get a total benefit of Rs 11 crores. In fact, GACL was the only company in Gujarat to get such large fiscal benefits. Obviously, this is causing a lot of heartburn to its less fortunate rivals. "In a surplus market like that for cement, even a 50 paise benefit can make all the difference," says the marketing director of a cement company operating in Gujarat for the last 20 years. "So you can well imagine the havoc that can be wreaked by a Rs 10 advantage." Says a senior executive of another big cement company in Gujarat, "Gujarat Ambuja hawks its cement at a price that is Rs 2 to Rs 2.50 lower per bag than most other brands." Yet its sales realisation is 25 per cent higher.

Company sources concede that in the initial months, the price of Ambuja Cement was fixed at a level below that of other brands in order to get a foothold in the market. But they claim that by virtue of its better quality, it now fetches an equal, if not higher price than that of the other leading brands in Gujarat. Moreover, top company officials argue that the capital cost of a new cement plant in very high and the fiscal benefits are necessary to offset the large depreciation and interest charges in the initial years. "The current capital cost for a new cement unit is around Rs 1,400 per tonne compared to only Rs 930 per tonne in 1983 and 1984", says Sekhsaria. To which the critics quickly point out that this is only partially correct. "True, higher capital costs lead to a higher depreciation charge," says one industry insider. "But depreciation is only a book entry there is no cash outflow. In fact, the large depreciation has only enhanced the company's liquidity." The critics claim that GACL's large cash generation has enabled it to sell its cement at a discount and on attractive credit terms which its rivals, reeling under a working capital crunch, cannot match.

Indeed, GACL today seems to be in clover. But this is not because of fiscal benefits alone. The company too has done a commendable job. "Fiscal benefits become meaningful only when a plant is able to operate smoothly at high rates of capacity utilisation" says Anand Rathi, president, Rajashree Cement, a division of Indian Rayon.

Rathi may have hit the nail on the head. There are at least four other companies which came up outside Gujarat around the same time as GACL and enjoy similar benefits. But all of them are currently struggling to come out of the red and operating at less than half their rated capacities (see table 2).

The modern dry process plant of GACL set up in collaboration with Krupp Polysius AG of West Germany also has helped the company keep production costs low. Besides considerable saving on coal and power consumption, there was also a huge saving on manpower cost. At just Rs 22.54 per tonne of cement produced, the company's average wage cost is less than half the industry's average of Rs 60 (in 1985-86). Moreover, the excellent limestone deposit (purity 90 per cent) in the plant's vicinity, also enables the company to produce cement of very high quality — a fact that even the rivals of the company do not dispute. And in Bombay, the country's largest cement market, the dealers place Ambuja Cement in category 'A' along with leading brands like L&T, Vikram and Birla Vikas.

The sale of cement was also appropriately backed up by well thought out marketing strategies. "First of all, we set up a wide dealer network through out Gujarat by ensuring that no dealer has to sacrifice his profit by selling our cement", says S. M. Jaya Rao, vice-president, marketing. "Whenever, the dealer's margin was squeezed because of a decline in the market price, we reduced our selling price too." The company also went on an aggressive advertising campaign in the printed media, hoardings and later on TV to establish the brand image of Ambuja cement. The focal point of its campaign was "Strength" symbolised by the logo of a muscular giant. During 1986-87, the company spent about Rs 60 lakhs on advertising.

In order to reach out to the wider rural market, the company also undertook a rural marketing programme that explains various non-conventional uses of cement. "Our biggest advantage, perhaps, was the fact that we came up at a time when there was already a surplus in the market," says Sekhsaria, while commenting on the company's marketing strategies. "Right from day one, we realised that selling cement in a surplus market is going to be a tough job and we were prepared." And Jaya Rao claims that GACL was the first to introduce sales promoter to sell cement directly to bulk consumers in Bombay for a commission. However, Rathi of Rajashree cement, dismisses such claims. Says he: "There is nothing innovative about it. We all sell cement directly in other states to save on sales tax which is perfectly legal". For such sales, the consignment is dispatched directly to the customer from the state where the plant is operating. Thereby the sales tax of the state where the customer is located is avoided. Industry sources say that a very large part of GACL's sales of cement in Bombay, which is around 20 to 25 thousand tonnes per month, is sold in this manner.

Access to high purity limestone

Table 2

How Gujarat Ambuja compares

Company	Capacity (lakh tonnes)	Project cost (Rs crores)	Cost per tonne (Rs)	Average capacity utilisation For the period	Number of months	%	Current market price of equity shares
Gujarat Ambuja, Gujarat	7	81	1,157	Oct. '86-June '87	9	70	15.00
Priyadarshini Cement, AP	6	71	1,183	Nov. '86-June '87	8	48	6.00
Jay Pee Rewa Cement, MP	10	135	1,350	Dec. '86-June '87	7	46	NA
Modi Cement, MP	12	151	1,258	Jan. '87-June '87	6	43	6.50
Shri Vishnu Cement, AP	6	75	1,250	Mar. '87-June '87	4	7	6.50

Note: The above five companies are all post-1986 units and eligible for the same levy quota and excise duty benefits as Gujarat Ambuja.

The current trends in production and sales also suggest that GACL's performance this year (1987-88) is likely to improve further. During the last five months (April 1987 to August 1987), the company's plant is running at more than 100 per cent of capacity. At this rate, the total production of cement could be more than 7 lakh tonnes for the full year. Sekhsaria expects the turnover of the company to increase to nearly Rs 85 crores and the gross profit to Rs 15 crores. He is hopeful that the company would be in a position to declare a handsome dividend next year.

Table 1

Excellent performance

October 1986-June 1987	Rs Crores
Sales	40.52
Gross profit	7.17
Depreciation	5.08
Tax	0.31
Net profit	1.77

Physical performance	Lakh tonnes of cement
Production	3.68
Installed capacity (annual)	7.00
Rated capacity utilisation (%)	70.00
Sales	3.53

Profitability ratios (in per cent)	Gujarat Ambuja	Industry*
Gross profit to total sales	14.5	9.00
Return on capital employed	35.9	12.0

** Average of 10 larger ICICI assisted companies for the year 1985-86. These companies together constitute about 40 per cent of the production of cement in the country.*

While there can be no doubt about GACL's ability to operate its plant at a very high rate, the emerging market trends cast doubt whether it will be able to sell all it produces at a viable price. There are two major factors. First, due to poor rains and drought conditions in the last three successive years, the market for cement in Gujarat has shrunk considerably. According to Jain, the normal monthly demand for non-levy cement is a little over one lakh tonnes. This has now fallen to around 85 thousand tonnes. As against this, the total non-levy supply of cement is around 2 lakh tonnes or more than double the demand. "When there is no water for drinking, how can one find water for construction?" lamented Jain.

To make the things worse, another new one million tonne plant has come up in the state. The Cement Corporation of Gujarat Limited (CCGL), a joint venture between the Mehtas of Saurashtra Cement and GIIC, has already started trial runs. According to Balsari, managing director, CCGL, his company's cement will be available in the market from next month. When fully operational, CCGL alone will be in a position to supply 83,000 tonnes of cement per month! Interestingly, this new plant is located at a distance of 25 km from GACL's and will use limestone of the same quality. It will also have the most modern technology like GACL from West Germany. And above all, it will be entitled to all the tax benefits GACL is enjoying today. Clearly, CCGL is going to be GACL's most formidable rival. And in the ensuing battle between the big two, the "established" cement producers of Gujarat are going to be badly mauled.

Already, GACL is preparing to meet the threat. "Among other things, we are strengthening our stockist network in the urban and semi-urban areas", says Jain. For the rural market, we are tying up with agencies selling fertilisers, seeds and pesticides who will retail our cement". But when the chips are down, GACL may still emerge a winner. The implementation of CCGL's project has been very slow and it is being commissioned behind the original schedule. Although work on its project started at least six months before GACL, it is already one year behind in commercial production and its impact in the market won't be felt till March next year. This means a lead time of atleast one and a half years for GACL. The investment cost of the project at Rs 1,210 per tonne is also much higher, which means higher depreciation and interest. Moreover CCGL's stakes are higher because in case of a price war, CCGL's own associate company, Saurashtra Cement, with an installed capacity of 8.63 lakh tonnes, will be one of the first casualties.

Clearly, the cement market in Gujarat is heading for turbulent times. The nearest large market for the Gujarat companies is Bombay which also faces a surplus that is likely to worsen with the recent commissioning of L&T's second one million tonnes plant at Chandrapur in Maharashtra.

These uncertain market conditions in cement — have already forced GACL to look to other avenues for growth. Although a doubling of the cement capacity from 7 lakh tonnes to 14 lakh tonnes has already been approved by the government the company is yet to take a decision on the schedule of its implementation. Meanwhile, the company, has applied to the state government for setting up a thermoplastic unit in Hazira, Gujarat with an investment of Rs 100 crores. But Sekhsaria plays down the importance of this proposed diversification. Said he: "I think cement will continue to be our mainstay. The surplus will eventually dry up and the industry is certain to grow and prosper in the long run".

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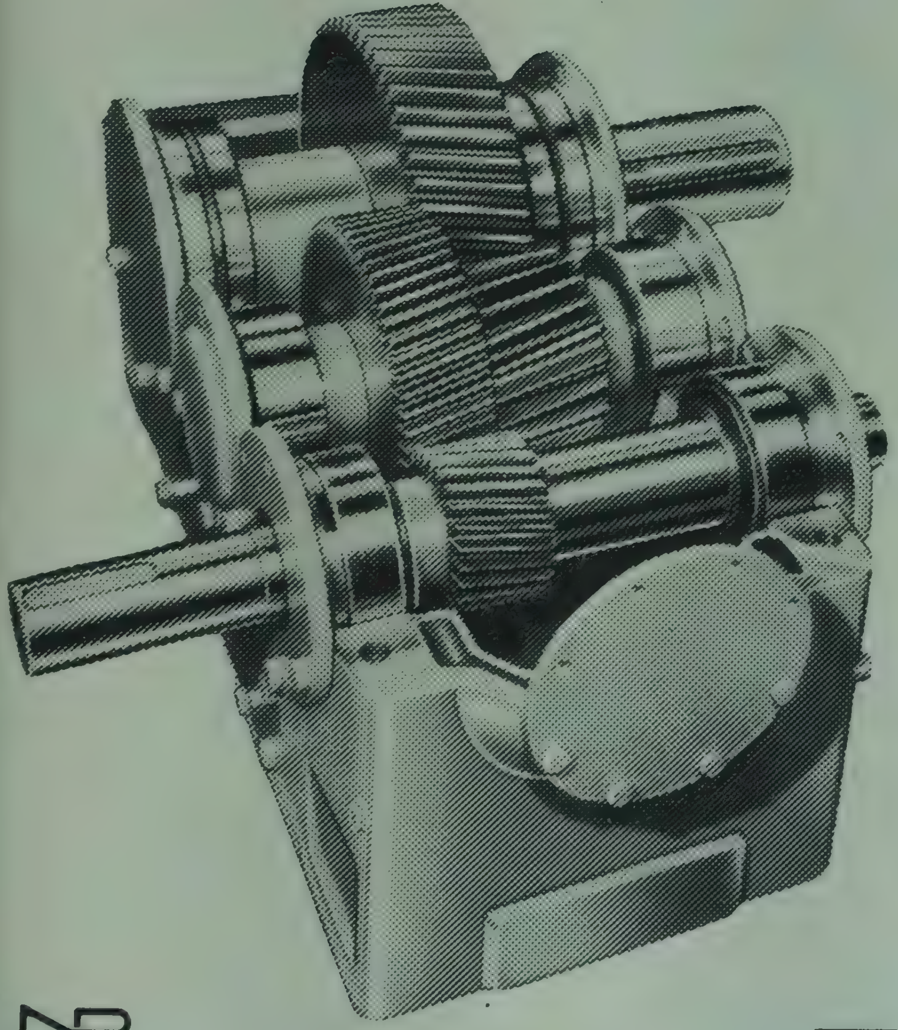

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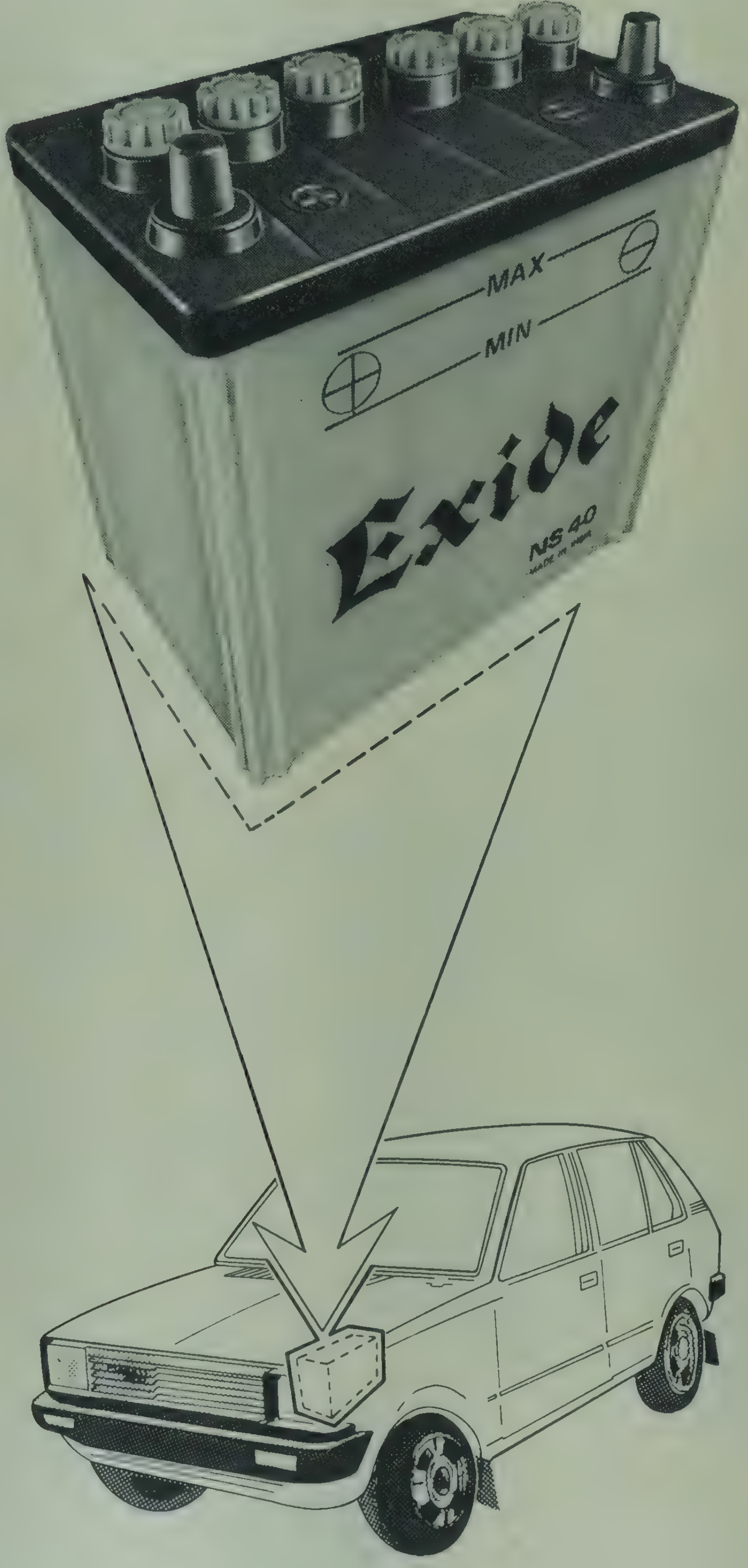
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Drought: can the centre cope?

For all the sound and fury, the central government's response to the drought has so far been rather muted. In fact very little concrete action is evident as yet

No government can ever tackle a drought successfully. No amount of relief can assuage the loss of those who have suffered and will, in all probability, continue suffering for several seasons after the drought has hit.

The primary impact on the agricultural sector is just being estimated. Says Srinivasa Sastri, secretary, department of agriculture, "the drought has been most severely felt in Gujarat, followed by Rajasthan, Western UP, Haryana and Punjab." In fact, by early August, it was obvious that 262 out of 407 districts, that is, 60 per cent of the districts monitored, had deficient or no rainfall. Sudhir Jalan of FICCI estimates that the loss in agricultural income on account of the drought could be "anywhere between Rs 8,000 crores to Rs 17,000 crores".

Yet, for all the sound and fury, the central response to the drought has so far been rather muted. One of the earliest central government responses verged on the comic. During the last few days of the monsoon session of Parliament, when the reality of the drought was clearly acknowledged, Yogendra Makwana, minister of state for agriculture, when pressed by his own party colleagues (the opposition having huffed out over Bofors) as to what precise action has been taken to tackle the drought, said rather smugly: "We have set up a crisis management team." Rajiv Gandhi's statement in Amethi that he would tackle the drought first and then begin on dissidents seems more like political bravado than sincere concern. Though enough importance seems to have been accorded to the drought in the prime minister's officially prepared public speaches during the last fortnight, very little concrete action is evident as yet.

DEAFENING SILENCE

It took inexplicably long for the immensity of the drought to be acknowledged. Though one part of the prime minister's Independence Day address was predictably devoted to the drought, and though it had promised that central action would begin instantly, a deafening silence followed thereafter. The chief ministers' conference, usually a curtain raiser to major relief, to put together the operative heads of the affected states took interminably long. The main reason for the delay in organising the state chief ministers conference was of course the fact that the prime minister and his cabinet were deeply immersed in the business of getting out of the merry muddle that the Bofors case had developed into. Says an official in the prime minister's secretariat, "Since drought and relief measures are largely a state subject, the chief ministers' conference was a necessary move on the part of the Centre to begin a co-ordinated strategy." But the conference turned into the expected jamboree with an excess of sound but very little light shed on firm figures or estimates on the extent of damage or the expenditure necessary.

More precise estimates are still hard to come by. On 11 September, the finance ministry announced proudly that the "Centre has already released Rs 231.6 crores to states affected by the drought". Current expectations indicate that almost Rs 1,800 crores will be the final bill when all is said and done. At the end of the last week, though most of the central survey teams had returned, two still had to submit their reports. Bimal Jalan, chief economic advisor in the finance ministry, says, "Within the next few days, the final figures of expenditure will be available."

The finance ministry takes some pride in the fact that the current years budget allots Rs 400 crores that can directly be used for the purpose of drought relief. At the Planning Commisison, there is also relief on account of the fact that given the current trend in expenditure cuts, it may well be possible to protect plan expenditure and thus ensure that at least long term investment plans are not afflicted by the vagaries of the weather. Officials in Yojana Bhavan expressed relief that "diversion of expenditure" measures are expected to result in a saving of Rs 650 crores.

Though the government has taken great pride in announcing that savings in defence expenditure as well as some other central nonplan expenditure will tote up this magic Rs 650 crores, the savings will in practice be hard to come by. Some key officials are also concerned about the fact that the top decision making echelons within the finance ministry are loath to do anything new (and by implication unpleasant) by way of raising fresh resources.

While the expected surcharge on hotel expenditure has been announced, some other means of raising taxes are still to be contemplated. Sources within the cabinet attribute this reluctance to N. D. Tiwari, who, having just come in as finance minister, is jibbing at the unpleasant task of imposing new taxes. Sources within the government, however, argue that a fresh dose of taxation may be the only means of getting the additional Rs 1,000 crores of funds that may have to be released for drought relief, there are those who are pragmatic enough to say that, "it is the deficit which will balloon".

Yet, while the bean counters argue about how much of funds are actually necessary and where they will come from, the states, which have to bear the brunt of the misery, have got down to the task of extending relief expenditure. Says Jalan, "Most states have enough funds in their ways and means accounts, to start work immediately." In addition, over Rs 1,000 crores, which have been invested by the states in treasury bills, represent funds that can be drawn on rather quickly. Finance ministry officials in charge of monitoring these fund flows state that the initial flow of funds even at the central level has already begun.

BUDGETARY RELIEFS

Sources within the agriculture ministry, which is the ministry primarily concerned with the coordination of drought-related activities, add that there are three kinds of funds that can be used in the case of drought expenditure — margin money, advance plan assistance and budgetary reliefs. Of these, say officials in the agricultural ministry, margin money is primarily what is being currently drawn down. An official says that no assessment or central team scrutiny is necessary to access the margin money that is available to any state.

As far as the second category of funds is concerned, it is understood that the advance plan assistance, which amounts to five per cent of the state plan, is made available to the affected states as long as the activities that are financed are directly related to drought alleviation programmes. This source of funds is a loan and gets used after the first tranche is used up.

Central assessment teams and the allocation of funds aside, experts in the agricultural ministry say that "the real work is at the field level." Agriculture ministry sources say that where relief measures have to be started, where food for work programmes have to be monitored, leakages plugged, food fairly distributed, etc, it is the district collector and district magistrate who are the key players. According to sources in the agricultural ministry, "perhaps the best thing that the central government can do, to intervene effectively on the situation on the ground level, is to draw up a list of most effective officers and ensure that efficient and experienced officers in the business of drought control are available at the places where they are needed most".

Though no such intensive scanning of district collectors and district magistrates is on, the other ground level action initiated at the centre is by finance minister N. D. Tiwari, who last week instructed nationalised banks to suspend loan recovery in areas in the grip of drought. Tiwari, it is understood, used the opportunity of his meeting with bank chairmen to indicate that wherever possible individual farmers should not be made to suffer the additional burden of debt repayment at a time when cash incomes had practically vanished. Top bank managers on their part have indicated to government that they have been utilising the available lines of credit with the RBI to secure fresh funds for release to the agricultural sector.

All in all, relief provision is now a relatively well-oiled official mechanism, insist most government officials. Says Jalan, "while the immensity of drought cannot be understated, the actual danger of it sending the entire economy out of control is also minimal today". The controlled air of complecency that the finance ministry exudes stems from this kind of cherry confidence. Rajiv Gandhi himself asserted that "famine has been averted". In his speech to chief ministers he said, "The challenge posed by the drought of 1987 is of a different sort. It is the challenge of managing, of strengthening the agricultural sector.., to reduce dependence on the weather and of maintaining the pace of development despite the disruption of one year of drought". In any case, a great deal of relief was provided to government by the sharp showers in late August.

THE GRAND DIVIDE

But while relief may be a matter of mobilisation, and programmes a function of funds, the drought this time has unwillingly brought to the fore the grand divide between Bharat and India. A prime minister in a beleaguered government that is accused of being both elitist and venal, faces on account of the drought, the charge of being insensitive and callous.

Farmer leader Sharad Joshi, commenting on drought relief, said last week to *Business India,* "Why should famine shed its burden on the rural sector alone? Why should peasants consider it relief to break stones (in food-for-work programmes) when that is the punishment accorded to criminals in the penitentiary? When sick units in industrial India fail they receive state subsidies, when the rains fail the farmer has to break stones".

In a very crucial sense therefore, this famine and drought represent perhaps a watershed in the way such problems can be tackled in the future. If a drought threatens to become a potent political weapon directed against an incumbent government, its governance and prevention must surely be accorded greater significance in central economic policy making and planning. Of that response, of course, there is still no sign from the current central administration.

The other basic question that rebounds with increasing frequency as a result of the current drought, is the extent to which the rural/industrial divide in policy-making can be allowed to continue. Farm incomes are certainly under pressure. Says Joshi, "The reason why this drought has caused such misery is that the Indian peasant can no longer eke a living, leave alone a profit, in a normal year. There are, therefore, very little reserves. And one drought knocks him out."

Pointing out that the drought and its consequences have been ignored and brushed under the central government carpet is more than mere political point-scoring. K. K. Birla, for example, said in parliament that, for Rajasthan, "1987 was the fourth consecutive year of drought". Benign neglect has been so studied that only this year did the Government of India recommend to some state governments that special cells for fodder, for example, ought to be created, to moniter this vital agricultural input.

Besides benign neglect, Joshi's more speculative opening suggests that the entire tilt of policy making in favour of industry (and therefore its urban orientation) may have actually been a man-made cause of the drought itself. He speaks, somewhat tentatively, of industrial belts casting rain shadows that divert clouds and dispel the monsoons benefits. But be that as it may, the poor rate of the reinvestment in agriculture, the low priority accorded to monitoring means of generating rural surpluses etc, are all facts of life in every policy-makers mind. And that, admit officials at the centre, makes every drought action a kind of panic knee-jerk reaction rather than any long term problem-solving exercise.

Despite neglect and apathy, the fact remains, as planners and government officials are quick to point out, that the Indian economy has proven itself largely "drought-proof" where output is concerned. Though there were initial hints that aid agencies internationally had been sounded out to stand by to provide succour, and though food imports were being contemplated, agriculture secretary Srinivasa Sastri insists that "food-grain output in 1987-88 will be in the range of 135-140 million tonnes".

But the danger of the impact of drought extends well beyond the agricultural sector of the economy. In the case of the industrial sector, central government intervention is vital and may well need to be substantial. At the finance ministry though it is business as usual, even where this is concerned. Significantly, there is little talk of recession. There is of course the usual paranoia about inflation. But also quiet confidence that it will be contained. Economists outside the finance ministry argue that the rules of administrative methods to check prices are well known. Like the well-oiled relief provision system, the rule book on price level maintainance is well-thumbed. And in staying enamoured with inflation, merely because the doctor knows the cure, lurks danger, they say.

LOW INCOMES

Economists within the government say that with agricultural incomes at a low in the crucial months of October and November, purchasing power in a large sector of the economy has dropped dramatically. For example, there are already signs of trouble in the textile industry — where a good part of consumption also take place in the same festive months. Besides, indicate sources in the industry ministry, "Industries like pump sets, cycles, farm equipments, pesticides and the construction business are all likely to be affected by the shortfall in demand".

While FICCI and other industry associations have begun the clamour about a demand recession, government still tends to dismiss these worries rather lightly. Though some of the screaming may well be a means of ensuring that fresh taxes are not levied, a significant part of the pleas deserve a sympathetic ear. A good part of Indian industry is still reeling from the pressure of having to cope with a competitive situation. What government needs to worry about is that the demand crunch does not become a real demon and drive too many industries down under. With the foreign exchange crunch already experienced and likely to be accentuated, several new kit-import dependent industries will after all, also be under pressure.

What is most worrisome is the fact that while demand management, of the curbing variety, is a bureaucratic speciality in India, the reverse has rarely been the case. Any such effort will moreover have to avoid the dangerously close line of fuelling inflation. Given the current political scenario, inflation is an ugly monster that can frighten the government. Consequently most efforts will be aimed at combating it. The danger remains therefore that recession, which creeps in more slowly, may well be ignored. And once in, it is even tougher to tame. Somebody somewhere needs to watch, study and then act swiftly if the drought is not to turn into a hydra-headed monster that ravages both agriculture and industry.

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THE CRISIS

AT MID-CAREER

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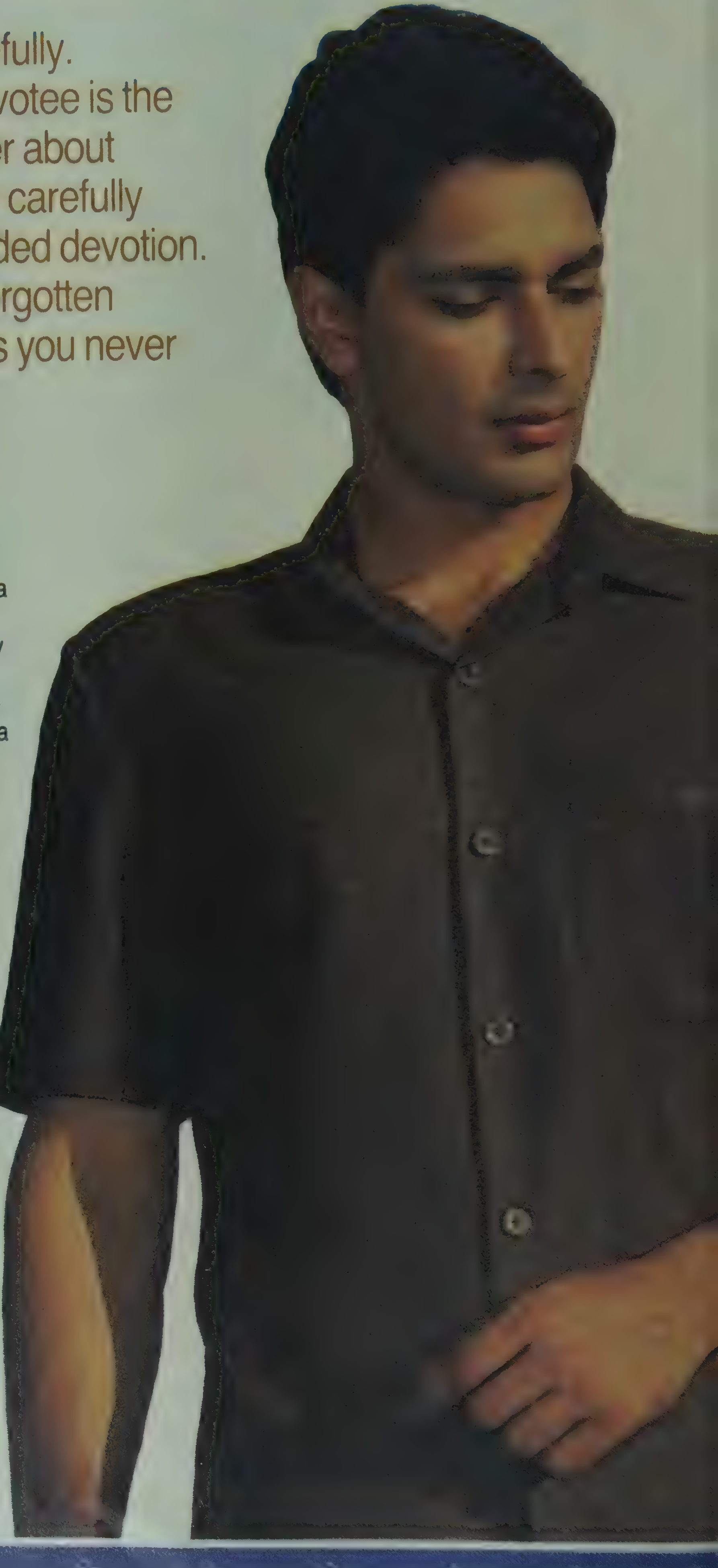
Has it really been worthwhile?



What Is Mid-Career Crisis ?

Mid-career has its analogue in middle-age crisis. When a manager reaches a point where success has a decreasing return, completion of work gives neither joy nor victory. It is just another chore to be completed. He finds many of his dreams and aspirations have faded, horizons have become narrow and junior entrants are more a challenge than a support. He now faces mid- career crisis and confronts these real issues :

1. He has over focussed on techniques and tools and ignored building perspectives. He has held his creativity in abeyance for the immediate gains of promotion. He has ignored personal and psychological satisfactions in the name of challenge.
2. His constant engagement with narrowly defined goals has denied him effective family living. He has become a performer and implementor instead of an inspiring force.
3. He has become typecast in his job. His relatedness with the organisation has not changed qualitatively in spite of rising in the organisation.
4. The family has outgrown his patronage. It now makes demands. They no longer accept his lack of involvement just because he works as a manager.

Mid-career crisis coincides with a professional plateau in his career. Confronted with the reality, he has only two options: either change jobs for a better package or become part of the political process of his organisation and lose his professionalism.

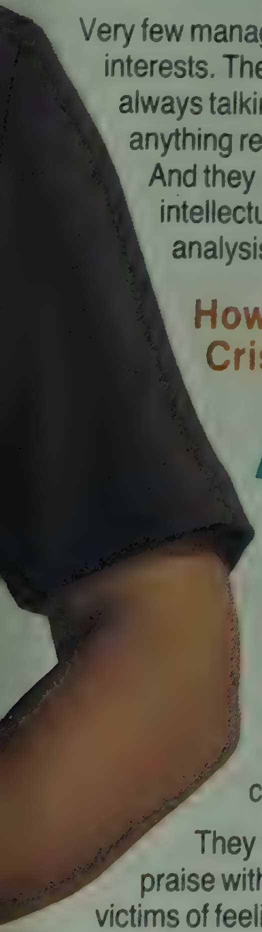
Mid-career crisis comes in two phases. Between 32 to 37 primarily for professionally trained managers, and between 47 to 52 for all.

by Prof. Pulin K. Garg, IIM, Ahmedabad.

Why Does The Crisis Occur ?

My understanding of mid-career crisis is largely contextual. I believe that separation of work from social and cultural identities and converting it to a contractual economic concern is the major source of this problem.

Earlier, managers derived meaning from their membership in a wider network of social involvement. But today, meaning, status, well-being are entirely derived from work in the organisation. The status and ownership of organisation, size of perks and location in organisational hierarchy determines his rank in society. This has encouraged individuals to disengage from investment in the living process with the community. They have become loners. Consequently, they restrict their psychic energy for career building. Professionally they are freelancers who will go anywhere for visible rewards. They ignore many invisible and fundamental rewards for a wholesome life with people outside work. They have become spectators in society.



Very few managers cultivate deep and abiding hobbies or interests. They do not even read deeply. They are always talking shop and blocking their exposure to anything reflective. They concentrate on the practical. And they have a certain degree of disdain for intellectuals, preferring instead, the encapsuled analysis of so-called expert journalists.

How Managers React To The Crisis.

Attitudes displayed by managers at mid-career crisis or at a professional plateau are: Over deferential approach towards authority; rigidity and extra control over juniors; hypersensitivity to criticism; poor tolerance of differences or negotiations; decline in initiative and self worth; loss of sense of independence and surrender to the system which they themselves defied when young; decrease in their personal commitment and responsibility.

They find it difficult to appreciate and give praise without a sense of comparison. They become victims of feelings of discrimination and deprivation in the midst of success.

How Organisations Can Help Solve The Crisis.

The fast changing matrix of relatedness between individual, organisation and society in the modern technological era makes any socialisation and education redundant very fast. Values have to be redefined and identities have to be reconstructed. The need is to essentially renew and relocate oneself vis-a-vis other individuals, tasks, organisations and meanings in life. This is not possible by individuals alone, since they would feel threatened with invalidation. So organisations have to chip in. Not just by usual measures like job rotation or career planning training, but by providing the following kinds of opportunities:

1. Organise programmes for self renewal based on process work or nominate people to such programmes.
2. Encourage managers to attend interest and hobby training courses. Make vacations compulsory. And help design vacations that are not just sight seeing.
3. Organise in-company forums to expose managers to ideas, thoughts and concerns. These should be conducted in a dialogic manner and participation must be compulsory.
4. A three to six month sabbatical of 'back-to-school' or 'back-to-involvement-in-rural-life' should be organised every 5 years.

How Individuals Can Help Solve The Crisis.

1. Cultivate interests and hobbies beyond the single career at work. These should include extensive reading other than bestsellers, to help maintain links with other professionals and scholars and keep oneself intellectually alive.
2. Review from time to time, choices in terms of career, success and fullness of life. This may require weighing the kind of postponement chosen with regard to family and other commitments and involvements.
3. Review goals and potentials of growth and measure them against psychological well being and meaningful relationships with one's social world.

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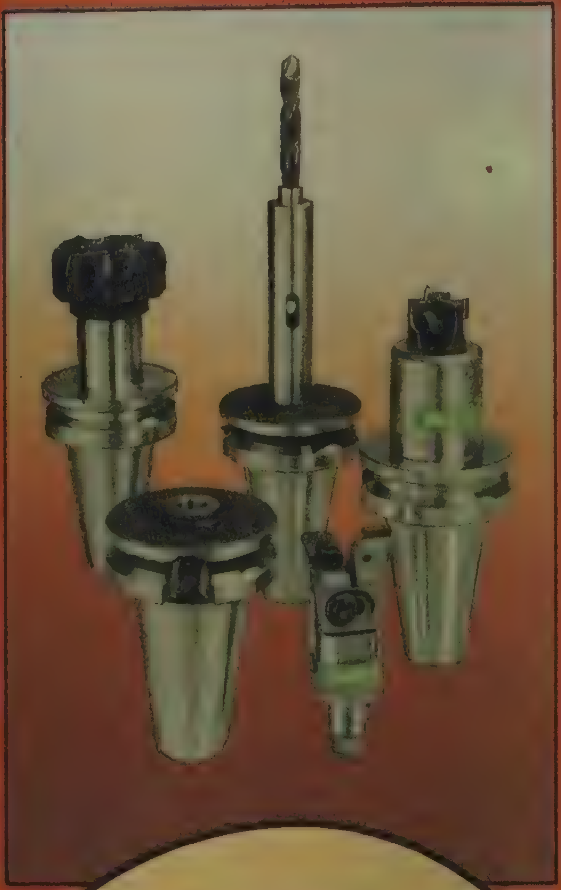

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States

KERALA

Brave response to staggering power shortage

This year's Onam festival in Kerala was a bleak one. The failure of the south-west monsoon has caused a severe energy crisis, the worst in Kerala's history. August saw a 40 per cent power cut for industrial high-tension (HT) and extra high-tension (EHT) consumers and a seven-hour cut for domestic consumers.

Kerala's normal average daily consumption is 16 MU. The present power cut has reduced consumption to about 12 MU. This would have been lower but for the temporary concessions announced by the government for Onam.

Normally the state gets an average of 125 days of torrential rain each year. About 65 per cent of the total inflow into its reservoirs occurs in the June-August period of the monsoon. But this June, the reservoirs received only 40 per cent of the normal inflow, and in July 30 per cent. In August, the position was slightly better at 60 per cent of the normal inflow. In the wettest month, July, Kerala gets about 1,000 mm of rain but this July it barely got 100 mm.

For a state that once bragged of a comfortable power situation and merrily sold its surplus electricity to neighbours, today's situation is a grim example of the perils of complacence and shortsightedness.

Kerala's burgeoning consumption of electricity has rapidly widened the demand-supply gap. Ten years ago, when Kerala's largest hydel station, the Idukki Hydro Electric Project was commissioned, the average daily consumption was about 7 MU. Growing at seven to 12 per cent annually, this has today reached 16 MU. Kerala's growing consumerism and the construction boom have been mainly responsible for this. By 1991 Kerala will need 9,000 MU annually. But even the completion of ongoing projects will increase generation to only 6,371 MU.

An imminent power shortfall had been predicted several years ago, but the previous state government did little to diversify the power base.

"Moreover, conservationists stress, with encroachments and plantations impinging on Kerala's catchment areas, the actual water runoff into the reservoirs is usually far below desired levels. The Silent Valley controversy brought these issues into the foreground.

Even last year's weak monsoon did not jog the KSEB out of its complacency. Had a 10 per cent power cut been imposed then, things would not have been so critical today. The present Left Democratic Front government, which came into power in March, seems to be more alert and responsive to the situation. On 20 April, not long after T. Sivadasa Menon was appointed electricity minister, the government imposed a 20 per cent cut on HT and EHT consumers, after talking it over with their associations.

To try to meet the current demand at least halfway, the KSEB is now importing 3.4 MU daily from the central pool, up from last year's 2 MU. This power comes mainly from the Neyveli Lignite project, and also from the Ramagundam Superthermal Plant and MAPP, Kalpakkam, from neighbouring Tamil-Nadu. The KSEB has also resorted to cloud seeding in the Idukki catchment area but with poor results so far.

One short term plan is the construction of a 200 MW low sulphur heavy stock (LSHS) power plant in Brahmapuram in Cochin. LSHS is available from the Cochin Refinery. Although electricity from such a plant would be costlier, the industries around the area, now starved of power, would certainly grab it. The formation of an industrial consortium to finance and operate the Rs 78 crore plant for Cochin's industrial belt has been suggested.

The unprecedented crisis has also caused the KSEB to shed many of its old prejudices. It can no longer afford to jealously guard its monopoly rights. It is today encouraging captive power plants for industry and would even welcome some form of private sector participation in power generation. The KSEB also needs to cut down its huge transmission losses. The present level is an immense 25 to 35 per cent, the highest in the country.

What are the long term options left for Kerala? Kerala can no longer depend on hydel mega projects. Mini hydel plants are on the KSEB's agenda. However, here too prospects are not overly bright, say well-informed scientists, as there are not many cascading streams left in Kerala's rivers.

The KSEB is also considering non-conventional renewable sources, chiefly solar and wind energy. It plans to set up a pilot wind farm in Palghat district with technology from a Californian company.

On the face of it, the idea of a nuclear power plant in Kerala — an idea close to the hearts of many KSEB engineers — can be ruled out, considering the population density and other aspects in the state. The present state government, though, is not averse to the idea. According to Sivadasa Menon, if the union government regards Kerala as the only place in the South to site another atomic power plant, the Kerala government would not reject the offer.

The only real option left is a thermal plant. After years of vacillation, Kerala power planners are finally getting used to this idea. According to R.V.G. Menon, professor of mechanical engineering, Trivandrum Engineering College and a member of the Kerala government's task group on energy, the objections to a thermal plant have been more emotional than rational. Says Menon: "We in Kerala just don't have a 'coal culture'. The group, after visiting the successful Tuticorin Thermal Power Plant, has recommended a coal-based thermal plant.

According to G. Gopalakrishna Pillai, the state government's commissioner and secretary for power, the logistics of bringing in 5,000 tonnes per day of coal for the proposed 2 x 210 MW plant are daunting. The task group, however, maintains that using ships, rather than trains, to transport the coal will prove feasible. According to Sivadasa Menon, the USSR and Poland are willing to extend commercial aid to set up the Rs 500 crore thermal plant.

Kerala's current crisis is severe. But Sivadasa Menon is not despondent. He is confident that time-bound programmes will bail out the state. The government has prepared four contingency plans to help Kerala to make it to the next monsoon.

K. G. KUMAR

ORISSA

Industry worried about growing sickness

When J. B. Patnaik became the chief minister of Orissa in 1980, he boasted that his government would set up 1,000 industries in 1,000 days with an investment of Rs 1,000 crores. Six years later, the total number of new large and small scale units had barely managed to touch 120.

Orissa's industrialists are not unduly worried about the gap between the chief minister's promise and performance. They

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never expected anything else from a politician. What does concern them is the rapid growth of industrial sickness in the state, especially in the small sector.

According to the Utkal Chamber of Commerce (UCC) president, Sukumar Sen, 40 per cent of the small scale units in the state are sick. This may be an underestimation. Trade associations say that the figure should be between 60 to 70 per cent.

Patnaik's response to this situation is, if nothing else, philosophical. "Not all saplings grow into trees. Some are bound to perish."

This attitude has not satisfied industry. On the contrary, it has provoked the UCC to present a list of complaints to the government. Most of the complaints deal with the implementation of the 1986 industrial policy announced by the state government. According to the UCC, the date of production by a unit should be taken as the cutoff date to extend the incentives provided in the 1986 industrial policy. This is the basis in other states. But in Orissa, an industry that purchased only land or obtained a shed without the plant machinery, say, in January 1986 and went into production in October 1986, would be deprived of the benefits of the 1986 industrial policy. "This is absurd," Sen says. The sales tax for new industries should be extended for a minimum of five years for developed areas, and seven years for backward regions, instead of three and five years respectively as envisaged in the policy.

The policy was not clear on whether the incentives like power, sales tax and octroi would be allowed in case of expansion or modernisation. The policy stipulates that the rate of contract for specific items manufactured by local SSI units would be finalised from time to time by the Directorate of Export Promotion and Marketing. But industry circles allege that the various government departments arbitrarily reject such rate contracts. In fact, many organisations prefer outside suppliers to placing their orders with SSI units.

Meanwhile, a study published recently titled "Policy Needs for Development of Large and Medium Industries", conducted by economist Sirish Patnaik and sponsored by IDBI, has endorsed industry's general line of criticism. The study observed that the current industrial climate in Orissa is ridden with contradictions largely because of a lack of rational thinking at the policy making stage. The study found that as a result of lacunae in industrial planning and project formulation, several industries started during the Sixth Plan were either sick or on the road to sickness. The absence of bureaucratic competence, inadequate coordination between banks and consultancy organisations, and neglect of regional planning were mentioned as factors responsible for the present industrial environment.

The study also pointed out a big hurdle in getting finance from banks because of difficulties in hypothecating the leased land allotted to them by IDCO (Infrastructural Development Corporation of Orissa). Banks point out that when IDCO itself doesn't possess absolute ownership of the land, the subleased land can't be mortgaged. Banks were urged not to insist on land mortgage, but to extend finance on the basis of productivity.

However, the study has also put forward other views which are unlikely to be palatable to industry. For instance, it has cautioned that the state government's shift towards more "privatisation is not going to succeed" and urged the government to strengthen the equity base of the state-owned IPICOL (the Industrial Promotion and Investment Corporation Ltd).

It also suggested that IDBI and other financial institutions should lend equity support to IPICOL to enable it to promote more joint sector units. The present policy of discouraging joint sector enterprises in preference to fully private projects or ventures with small IPICOL equity holding should be reversed, and IPICOL should assess and ensure possible spread effects and a beneficial impact on the state economy of any project before committing its cash resources for promoting the concerned industry. The commercial success of the unit, not their numbers, will strengthen the credibility of IPICOL and help attract more investment to the state.

The criticisms made by industry and the opinions expressed in the study have had some impact. The state government has come out with a decision not to finance and promote industries in a particular category where "product concentration has occurred." It has listed 60 items with which the market is saturated. It has also identified around 400 new industries with a different product mix as a move out of this predicament. Announcing the government's decision, the state's industry secretary Sudhanshu Bhusan Mishra in his presidential speech at a one-day entrepreneurs' meet organised by ORITCO said that the District Industires Centres (DICs) were given strict instructions that at least 20 per cent of the industries to be promoted and financed by them should have incorporated advanced technology with a minimum outlay of Rs 5 lakhs.

To avoid a concentration of industries of a similar product mix, the new entrepreneurs with project reports on the banned category of industry will be asked to take over the sick units. Transfer of ownership and management of those units, as a part of nursing back those units would be arranged. Already, Mishra said, 150 such sick units had been handed over to the new entrepreneurs.

R. L. PATNAIK

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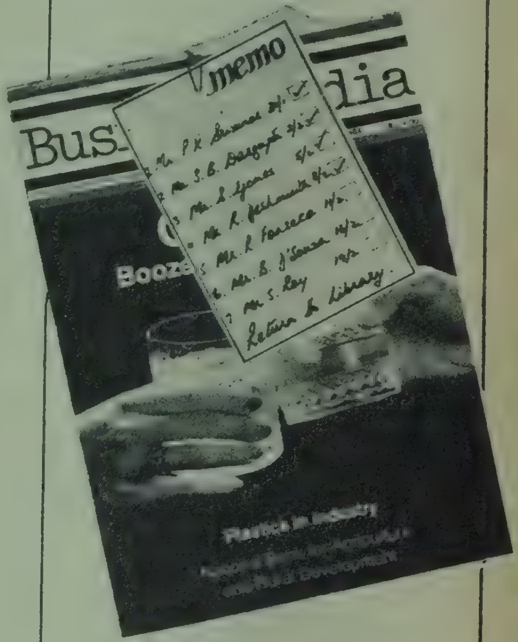

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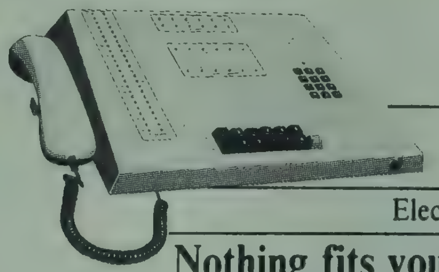

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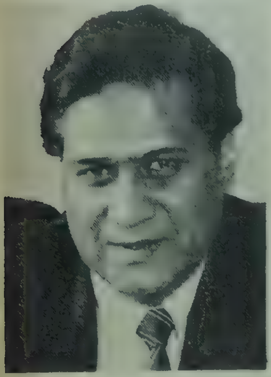
Guest Column by Rahul Bajaj



Information handling: a businessman's view

Even before man had invented writing instruments, information was a very important aspect of intelligent life. The pictures in the cave, leaf as a media of writing, invention of paper, printing press and now computers and satellite communication have all been leading to the human quest for better handling of information.

In the present international scenario, handling of information is going to be increasingly important. Actually, it is being said by scientists and philosophers that the "industrial society" of present times is yielding place to a "knowledge based information society". As the French president, Francois Mitterand, has said, "The technological revolution, by increasing our control over time, matter and space, shapes the evolution of our economies, lifestyles, thought patterns and systems of reference".

Further, he says, "In this emerging information society, intellectual capital will be at a premium on every rung of the organisational ladder. This is why information technologies will be so critical to our economic underpinnings: they are technologies that augment and extend human powers. They unleash creativity and imagination". The West Germany's Chancellor Helmut Kohl has said, "The countries that master the new technologies will set the tone in the world markets and create new jobs in their own countries".

Our country is a picture of diversity, specially in the area of industrial development. We cannot help but feel the impact of emerging technologies in all areas and especially so in the area of information. All aspects of our society will get affected by these developments and it is very essential that we gear up not only to face the challenges, but to take full advantage of the opportunities.

There are various groups of people attempting to manage information, some examples are, statisticians, economists, librarians, computer experts, management people and journalists. In the government set-up, information handling is being done by various departments for their own specific areas, but it seems that the National Information Centre and the department of statistics are the focal points for consolidated information handling. At the corporate level, usually, the "centre point for information", used to be the accounts and finance departments which, in recent times, have yielded place to the computer, EDP or MIS departments.

Information management includes telecommunication, computers and record management. It is now possible to communicate voice, numeric data and pictures over long distances. Besides the commonly known telephone, teleprinter, telex, etc, there is the fast emerging technology of facsimile and teleconferencing. Satellites and fibre optics will further improve the quality of the voice or data communication over long distances.

Main frame computers provide for massive data storage and analysis, while the PCs provide flexibility and user friendliness. Software is being developed so that one does not require a specialist to operate these computers. Efforts are being made to link computers with the telecommunication system so that data can be transferred or accessed very quickly, irrespective of the distance. Computers are not only dealing with numeric figures but also with graphics, which will revolutionise industry.

The solution then lies in adopting a standard product and/or industry codification system and implementing it in the various wings of our economy. Associations and the individual industry units must also attempt to participate in choosing the correct codification and then set up systems to quickly understand and implement them in their respective organisations

Inspite of technological developments like electronic mail, it will be very difficult to get away from our historical friend, paper. This means that the systems for paper management will have to improve. We shall get assistance in this area from the developments in the field of micro imaging, ie, microfilm and microfiche.

A judicious blend of knowledge in each of these three areas will be needed if we are to evolve an effective and practical system for managing information. Another factor which is likely to affect information handling would be the rising cost of construction or, in other words, the cost of office space.

India is at the crossroads of industrialisation; industry has to choose between the temptations offered by the massive internal market and becoming internationally competitive. We have to increase our exports in order to support our increased needs whether for industrialisation or other economic areas. A different approach is needed by all concerned, especially by the industrialists and the government, to make Indian industry internationally competitive.

One of the elements in this changed approach would be providing reliable and up-to-date data regarding various techno-economic aspects. Because of our planned economy, the government is the largest supplier of information in our country. The data given by the government is often of poor quality and is often out of date. The officially published industrial production data and the foreign trade data lag behind by a few years. Most of the states have not published their official statistics since 1981-82.

It is difficult for an industrialist to prepare proper plans without uptodate data. We want to attract foreign investment but when the party asks for the relevant data we present an outdated set of statistics. Similar problems come up while deciding the location of new units. The end result is that people are forced to depend on "gut-feeling" instead of a well thought out system for decision making. This could be one of the reasons for there being more than 119,000 sick units (The Annual Economic Survey, Government of India, 1986-87).

Why should it be necessary for the government, in its published statistics, to use phrases such as "provisional" or "information not available"? A look at the Seventh Plan document or some other important documents would illustrate the statement.

Maybe, the system of data collection itself that both government and industry use is outdated. Maybe after the data is collected, it takes a lot of time in making it public. Whatever may be the reason, the fact is that enough information is not available to take strategic decisons regarding industrial and other economic activities.

For compilation of statistics the use of some codification system is essential. Different wings of the government are using different codification systems to convey the same things. This is probably one of the reasons that we have much confusion regarding production, import licences, customs, excise and other areas.

The solution then lies in adopting a standard product and/or industry codification system and implementing it in the various wings of our economy. Associations and the individual industry units must also attempt to participate in choosing the correct codification and then set up systems to quickly understand and implement them in their respective organisations. This particular aspect would be essential when more and more computers are installed and actually used for increasing the efficiency of the organisation.

Any major organisation needs information basically for three purposes. Managing operations, strategic planning, and conceptual thinking. For the first aspect, accuracy of data and speed of flow is relatively more important but for the other two aspects we need summary data, which can only be produced with the help of proper classification, and proper storage and retrieval systems to have the right amount of information available at the right time.

These are important and practical aspects of information handling.

SUGGESTIONS FOR IMPLEMENTATION

Information has become such an important element of our life that to attempt to change the methods of its handling is going to be like trying to change the ways in which we think. The steps have to be well planned, firm and convincing.

The important organisations in the developed world have realised the importance of information since the late sixties or early seventies. This resulted in the development of data bases, PCs, Micro-imaging and many other related things. The latest trend is the creation of a powerful postion of CIO (chief information officer) in major organisations.

To achieve the objectives of the nation, we shall have to be internationally competitive as a country and improved information handling would be an extremely essential element. The main aim of this note is to bring awareness about this neglected area and create a platform for further discussion. An action plan could consider the following points:-

Actions by the central government

- Adopt an internationally accepted product and industry codification system as policy and make its use mandatory, through legislation if necessary.
- Provide legislation for accepting microfilms and microfiche as legal documents.
- Higher prioritisation for updating of public information concerning all economic activities.
- Speedier policy announcements for all areas of information handling (telecom, data bases, record keeping, statistics, etc).
- Impress on the state governments the importance of taking similar steps in concerned areas.

Actions by associations

- Creating a mechanism for updating/modification of classification system.
- Creating their own specialised data bases.
- Providing specialised guidance to the member organisations.

Actions at organisational level

- Consolidating information handling.
- Understanding the policy framework regarding telecommunications.
- Introducing micro-imaging.
- At the appropriate time, consider appointing of a CIO, especially in large organisations. ☐

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CHEQUE FORGERIES

Banks take the rap

Bank frauds seem to be more paying than bank robberies. At least that is what the latest statistics reveal. The total number of robberies increased from 79 in 1985 (involving Rs 1.72 crores) to 107 in 1986 (involving nearly Rs 4 crores). In this period the number of bank frauds rose from 2,034 involving Rs 55.51 crores to 2,041 involving Rs 66.66 crores.

The nature and extent of the banks' responsibility and in law liability was spelt out clearly in a recent Supreme Court judgement in the Canara Bank versus Canara Sales Corporation case in July 1987.

This judgement is timely in as much as it comes at a time when cheque forgeries are on the increase. The most recent case reported involved a fraud in the account of Champa Limaye, wife of Janata politician Madhu Limaye. Barely a week after United Commercial Bank (Khar Branch, Bombay) issued a new cheque book to Champa Limaye, it received another application in her name on a forged requsition slip. Without hesitation the cheque book was promptly issued to a total stranger. This stranger made enquiries about the exact status of Limaye's bank balance with an employee, needless to say without authorisation, and was furnished with information. He managed to succeed in encashing a cheque for Rs 6,000. So far the Limayes have met with no success in getting any assurance that the money they have lost due to the palpable negligence of the bank will be refunded to them. They have not even got the bank to admit its negligence. The account-holder's husband is a former minister; one wonders about the fate of less distinguished account-holders in such circumstances.

There have been over 300 reported cases of forgery in the month of April this year alone. It is an extraordinary lacuna in our banking laws which allow banks and their staff to get away with such gross negligence without having to bear the consequences.

It is here that, in the best traditions of the common law, the Supreme Court has sought to clarify the law in the recent judgement. While the observations made by Justice Khalid will be of some comfort to victims of bank frauds, certain circumstances of the case will still be disturbing, to say the least.

Firstly, the incident took place in 1961! Such is the time scale in which our legal system operates. The suit was instituted for the recovery of Rs 3,26,047.92. The plaintiff, the Canara Sales Corporation, had a current account with the Canara Bank. The managing director of the company and the general manager of a sister concern of the company were authorised to operate the current account of the plaintiff with the bank. The second defendant, Y. B. Bhat, was attending to the maintenance of accounts of the company and was further entrusted with and had custody of the cheque book issued by the bank to the plaintiff.

During the absence of the second defendant from duty, a deputy was directed to bring the accounts up to date. It was noted that a number of irregularities were committed and these were brought to the attention of the plaintiff. On verification, it was found that a number of cheques had been forged. After an inquiry by a firm of chartered accountants it was disclosed that in all the second defendant had withdrawn a sum of Rs 3,26,047.92 by 42 cheques. The plaintiff company thereafter filed a suit for recovery of the amount on the plea that the amounts withdrawn by virtue of forged cheques were not utilised for the purpose of the plaintiff's business, that they were not authorised, though there was no acquiescence of gratification, open or tacit, on the part of the plaintiff and that the plaintiff was innocent of the fraud until the new accountant discovered it.

The bank resisted the suit chiefly on the ground that even if the cheques were forged (which it did not admit), the plaintiff company was not entitled to recovery on account of its own negligence. Alternatively, it was argued that since there was a settlement of accounts between parties, the plaintiff was not entitled to reopen the same and claim sums paid under the cheques in question. The appellant's case then amounted to this: after reasonable opportunities are given to the customer to examine bank statements, its debit entries should be deemed to be final and will not be re-opened for reconstruction to the detriment of the bank.

There is a duty of sorts on the part of the customer to inform the bank of irregularities as and when he becomes aware of them. But by mere negligence, Justice Khalid states, one cannot presume that there has been a breach of duty by the customer of the bank

The legal question the Supreme Court had to determine was whether acceptance of a balance struck in the pass book or statement of account by the customer without a protest constitutes a settled account.

The judgement stated the principles of banking law with admirable clarity. "The relationship between the customer of a bank and the banks is that of a creditor and a debtor. When a cheque which is presented for encashment contains a forged signature the bank has no authority to make payment against such a cheque... The bank can succeed in denying payment only when it establishes that the customer is disentitled to make a claim either on account of adoption estoppel or ratification."

Obviously, there is a duty on the part of a customer to ensure that his cheques are not drawn in a manner which is likely to invite a forgery to take place. A leading House of Lord's judgement, London Joint Stock Bank Limited versus Macmillan, 1980, which canvassed the extent of the customer's duty, was called upon by the Supreme Court. In that judgement Lord Finlay stated that "no one can be certain of preventing a forgery, but it is a very simple thing in joint cheque (accounts) to take reasonable and ordinary precautions against forgery". The Supreme Court distinguished Macmillan's case on the basis that since the signatures were forged, the question of negligence of the customer in the period of time between the signature and the presentation of the cheque never arose.

However, the Supreme Court settled the issue of whether the customer owes a duty to the bank to inform it about the correctness or mis-statements in the entries in the pass books within a reasonable time and whether the failure to do so would amount to a negligence which would disable a victim from suing for recovery of the amounts paid under a forged cheque. The Supreme Court put the matter this way: when does negligence amount to estoppel? But negligence implies the existence of a duty. There is a duty of sorts on the part of the customer to inform the bank of irregularities as and when he becomes aware of them. But by mere negligence, Justice Khalid states, one cannot presume that there has been a breach of duty by the customer of the bank. The Supreme Court thus disposed of the arguments canvassed by the appellant bank before it on the grounds of implied terms, constructive notice and estoppel negligence. The judgement concluded, "Unless the bank is able to satisfy the court of either an expressed condition in the contract with its customer or unequivocal gratification it will not be possible to save the bank from its liabilities."

JAVED GAYA

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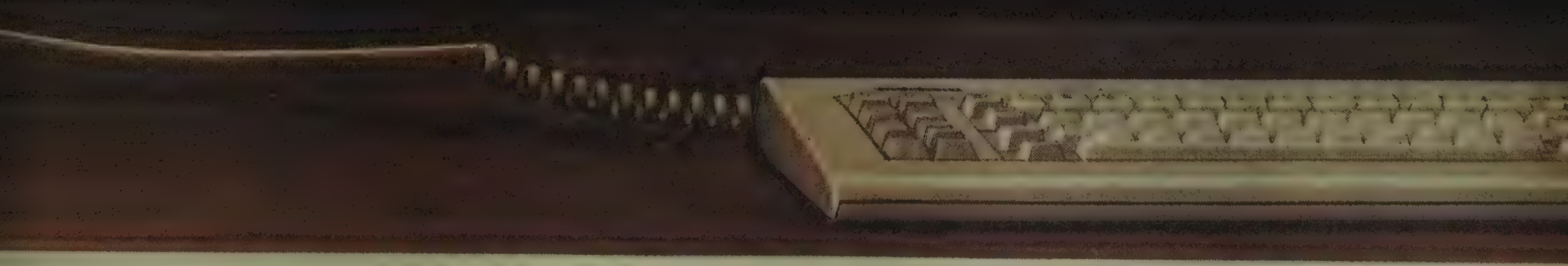

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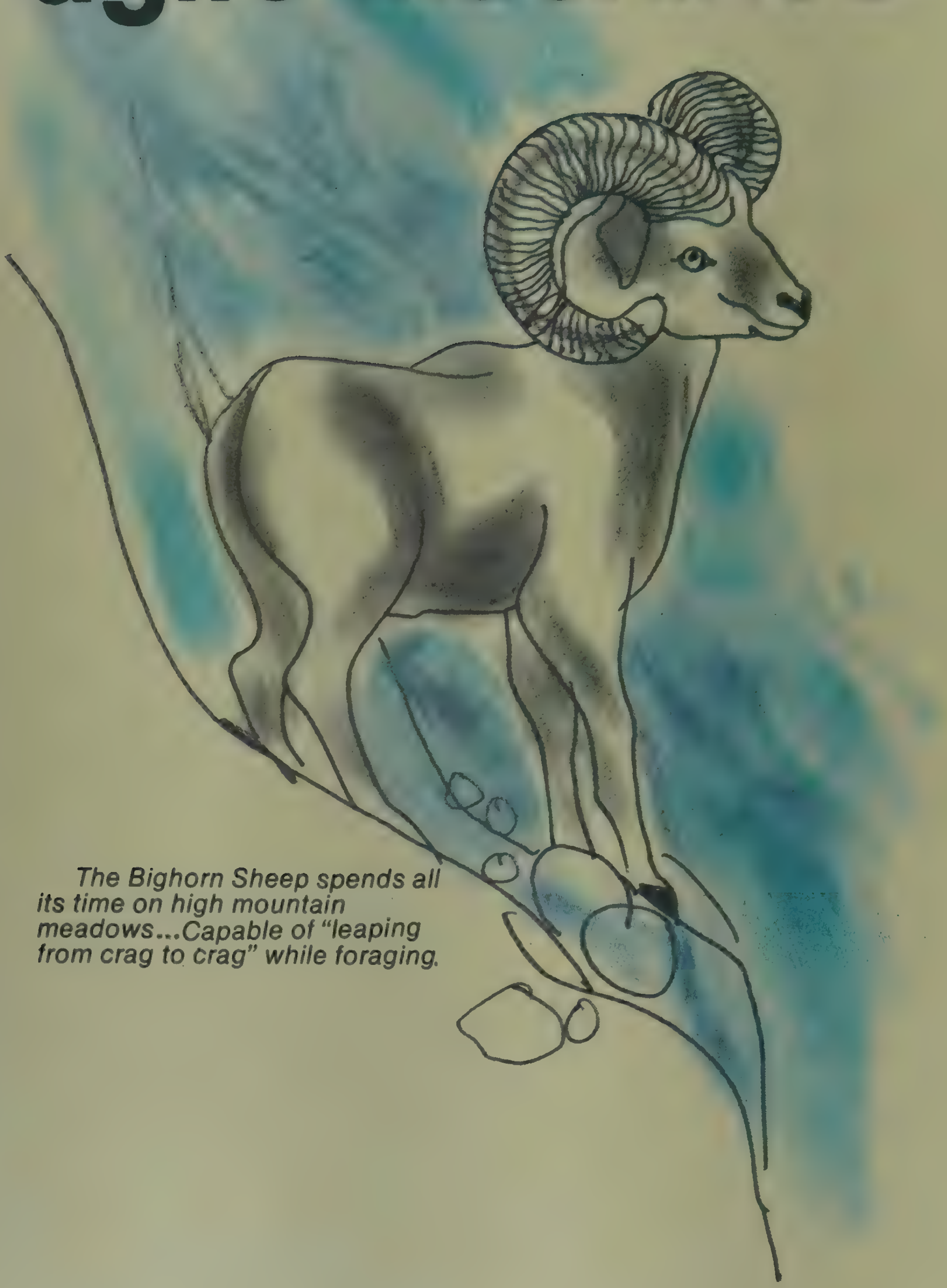

The Bighorn Sheep spends all its time on high mountain meadows...Capable of "leaping from crag to crag" while foraging.

One of man's.

IT 12
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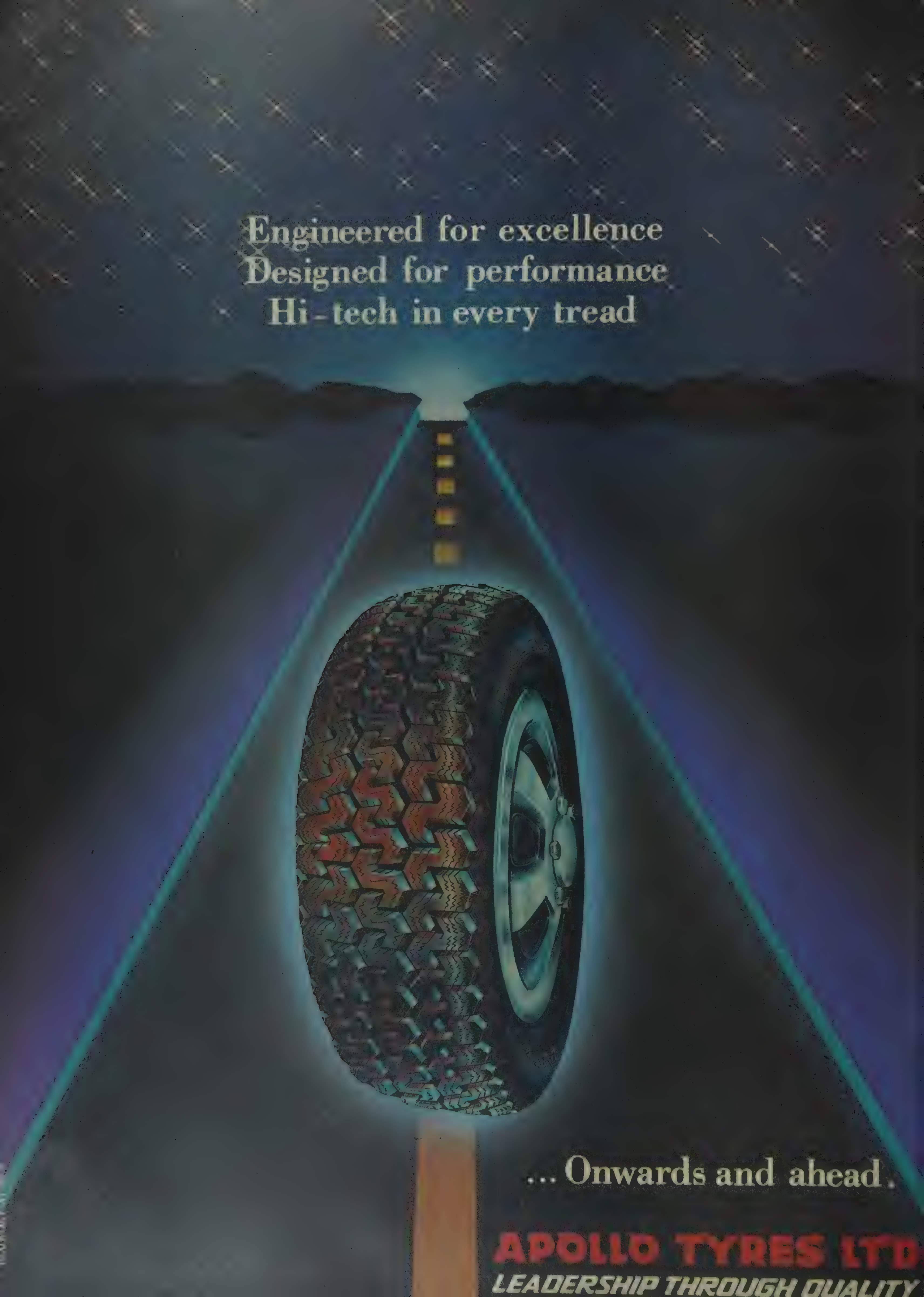
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LEADERSHIP THROUGH QUALITY

Loan politics marches on

Close on the heels of Haryana chief minister Devi Lal's announcement that farm loans aggregating about Rs 228 crores will be waived in his state, comes a joint assault by Sharad Joshi and V P. Singh favouring remission of the loans granted by banks to agriculturists all over the country.

Joshi, the leader of the Shetkari Sanghatana, the powerful farmer's organisation, and Singh, the former finance defence minister, came together at Satana, near Nasik in Maharashtra, to address a massive rally on 5 September. Unofficial estimates put the crowd at being between 1.5 to 2.5 lakhs, and according to an activist, this was perhaps the most impressive rally organised by the Sanghatana.

In a show full of high emotional drama, Joshi took almost everyone by surprise when he announced that in the next two months, over five million farmers from all over the country would march to New Delhi. The purpose of this action would be, on the one hand, to continue the fight for higher and remunerative prices for agricultural produce, and, on the other (this was the high point of the rally's proceedings) to announce in the capital that all the farmers are now "loan-free".

It would be futile to believe that such a move would not attract the widest possible support from among the farmers. Singh, known for his rectitude and disciplinarian approach in financial matters, also extended his support to Joshi.

According to a source, Joshi's move is a response to the threat posed to his power base by Devi Lal's action. It is likely that other chief ministers may do the same and even the central government may come up with some variant of its own — all essentially motivated by political considerations.

While it is somewhat premature to predict the outcome of the moves made by various parties towards waiving loans, it is obvious that loan recovery from farmers (and possibly from other categories of small borrowers too) is going to cause unprecedented turbulence

The march to Delhi, tentatively scheduled within the next two months, is being supported by over a dozen farmers' organisations in different parts of the country. Reportedly, the move has the full support of the Bhartiya Kisan Union which is dominant in Punjab, Haryana, and Western Uttar Pradesh, and the Bhartiya Kisan Sabha which is dominant in Gujarat.

Clearly, Joshi has stirred up a monumental problem for the central government, state governments and all the banks — commercial as well as co-operative. While it is somewhat premature to predict the outcome of the moves made by various parties towards waiving loans, it is obvious that loan recovery from farmers (and possibly from other categories of small borrowers too) is going to cause unprecedented turbulence.

JAYANT KHER

The MICR mess

The magnetic ink character recognition (MICR) system, which was introduced, at the behest of the Reserve Bank of India, by banks at their branches in major cities about 14 months ago with much fanfare has failed.

The idea of introducing the MICR system was initiated over five years ago by the RBI. After closely studying MICR operations and the technology involved abroad, especially in the US, trial runs were undertaken at selected offices of public sector banks. For this purpose, special printers and sorter machines were imported and cheque forms and other instruments were redesigned and printed on specially manufactured tough paper which could withstand the pressure on high speed sorters. The trial runs appeared to be quite successful.

The public was assured that after the initial teething troubles, the clearance of cheques would be speeded up. C. Rangarajan and Amitabha Ghosh, deputy governors of the RBI, had given an assurance that local cheques would be cleared and credited to the accounts within 48 hours of being lodged.

However, even today clearance of local cheques takes five to six days. As a sop, some banks give credit against such cheques either immediately or on the next day, but do not permit any withdrawal of the funds without actual clearance of the cheques in question.

Besides the delays in clearance, the system has caused other avoidable irritations to customers.

First, a total switchover to MICR cheque forms is not being effected and the RBI is not sure when it will be. Second, the design of the new cheque books is quite inconvenient, especially for individual account holders. The cheque forms do not have counterfoils. Instead, at the end of the cheque books, there are a few slips meant for recording details of the cheques issued. This is not only inconvenient, but has also been found to be totally inadequate to record the relevant details about each cheque issued.

The RBI is aware of this. It has sent a communication to the banks which says: "It has been noticed that some customers have been writing cheques in duplicate, placing a carbon, and retaining the second copy for their record. It is also reported that some customers are breaking open the cheque books and getting them bound after inserting ordinary paper between the cheque leaves to enable them to have a copy of the cheque issued."

Oddly, instead of having the cheque forms redesigned to provide the much needed counterfoil, the RBI has merely instructed the banks to keep a watch on the cheque leaves issued to customers and to prevent such misuse!

Then there is the question of folding cheques. Cheque forms and other instruments must not be folded to ensure satisfactory character recognition. This seems to be impractical and difficult to enforce in our context.

It is time the RBI authorities seriously examined these problems and ensured the speedy and proper implementation of the MICR system.

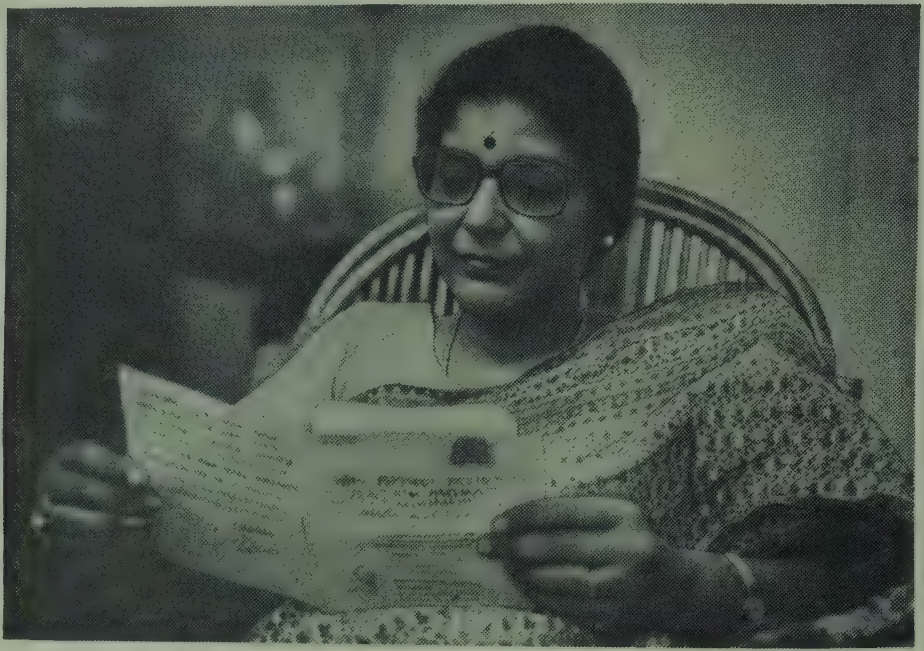
RRB officers demand more

The All India Regional Rural Banks' Officers Federation, (AIRBOF) representing officers of 195 regional rural banks, is demanding uniform salary scales in all the rural banks, as well as, some parity with the salary scales in the public sector commercial banks.

The basic salary scale for the approximately 13,000 officers in these 195 banks in 23 states varies from Rs 500 to Rs 1,000 per month in some banks to Rs 1,500 to Rs 3,000 in others. Besides the variation in the basic scale, there are variations in the perquisites too, both within the RRBs themselves and between the RRBs and public sector banks.

The RRB officers' main grievance is that the nature of the functions they perform is no different from those performed by their

Read this message if you care for your parents



as much as they care for you.

For staying up all night when you had a cold ...
For being around on your first day in school ...
For breaking their heads over algebra with you ...
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Rs. 200	Rs. 10,500	Rs. 3,100
Rs. 250	Rs. 17,600	–
Rs. 350	Rs. 25,500	–
Rs. 600*	Rs. 37,750	Rs. 5,250
Rs. 840*	Rs. 52,750	Rs. 7,400
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counterparts in the public sector commercial banks. In fact, the RRBs in a way are only an extension of the public sector banks, according to an activist of the All India Bank Officers Confederation (AIBOC) to which AIRBOF has affiliated itself. According to him, in many ways, the role of the officers in the rural banks is far more intricate and involves greater hardships.

Under section 17 of the Regional Rural Banks Act, matters concerning salary, perquisites, etc, have been placed under the jurisdiction of the respective state governments. According to a spokesman of the officers' federation, this is what has led to the variation in the basic salary scales and other discrepancies. This is also why the federation is not hopeful of an early settlement of the issue and has demanded that the jurisdiction of the respective state governments be substituted by that of the respective sponsoring parent public sector banks.

The management of each regional rural bank is under the joint control of the central government, the respective state government, NABARD and one of the public sector banks. None of these, in practice, is responsible for day to day management, barring the parent public sector bank which has a closer connection through its nominee who works as the chief executive. None feels under any obligation to sort out thorny issues like the salary structure and other relevant matters. The federation has, therefore, also demanded the establishment of a central and autonomous agency to look after the regional rural banks.

Owing to staff frustration and the lack of a sense of direction that arises from working under the so-called supervision of multiple agencies, the performance of the regional rural banks has been quite poor. According to the latest available data, out of the aggregate loans of Rs 1,550 crores, overdues are in the region of almost Rs 400 crores.

The accumulated losses of 58 regional rural banks have eaten up their share capital, and another 35 banks have eroded half their share capital. Many banks are unable to comply with the statutory requirements of liquidity and cash reserves.

According to a study, the scale of operations of the regional rural banks has suffered because of inadequate deposit mobilisation as expected. In addition, the sponsoring public sector banks dragged their feet in providing the refinance necessary to enlarge the scale of operations.

At the 10th bank economists conference held in August, it was emphasised that granting politically motivated loans at the behest of the state governments and their interference in other ways have been the biggest factors in crippling the regional rural banks and in causing frustration among the rank and file.

The Reserve Bank of India will do well to undertake a detailed study of the operations of the regional rural banks, especially of the operational and managerial problems they face, and also of the need to create a central agency for all the banks.

OUR BANKING CORRESPONDENTS

For whom the bell tolls

Around 200 million people in 21 states are currently battling against the hardships caused by what is fast assuming the proportions of a national disaster — the drought. And in other parts of the country, in one of nature's cruel contradictions, hundreds of thousands are reeling under the fury of floods. Drought or floods, the worst hit are the rural people dependent on the agricultural sectors. Not only have farmers lost on what they have sowed, but they will also not reap anything this year. It is towards these people that a recent advertisement, released by the joint publicity committee of 28 public sector banks, is aimed.

The advertisement seeks to inform victims of floods and drought that the public sector banks have worked out several schemes to help them in their hour of need. In brief, the public sector banks are willing to grant a "second loan" to their agricultural borrowers to undertake a second sowing in case the first sowing has been lost. The banks are also willing to grant financial assistance for fodder cultivation to such farmer-borrowers who are not in a position to sow a second crop, or even a short duration *kharif crop*. Further, the advertisement says, the banks are willing to reschedule repayment of loans for farmer-borrowers who have lost their *kharif* crops this year due to natural calamities. Farmers who wish to deepen wells or make repairs are also eligible for bank assistance. The advertisement invites victims of the natural calamities to meet branch managers for consumption loans for general purposes of upto Rs 500 per family, to small and marginal farmers in particular and other weaker sections of society.

The advertisement is thus addressed almost exclusively at small and marginal farmers in rural areas, and to persons belonging to weaker sections of society affected by natural calamities, again in rural areas.

While the intention is laudable, the action has attracted some criticism. As a general manager of a public sector bank pointed out, the advertisement has been released in newspapers like the *Times of India* and *Indian Express,* besides other major and smaller newspapers in English as well as in other language papers. The official says that everyone is aware that small and marginal farmers and persons belonging to other weaker sections of society do not read English newspapers. So it isn't clear why they have been selected to carry the advertisement.

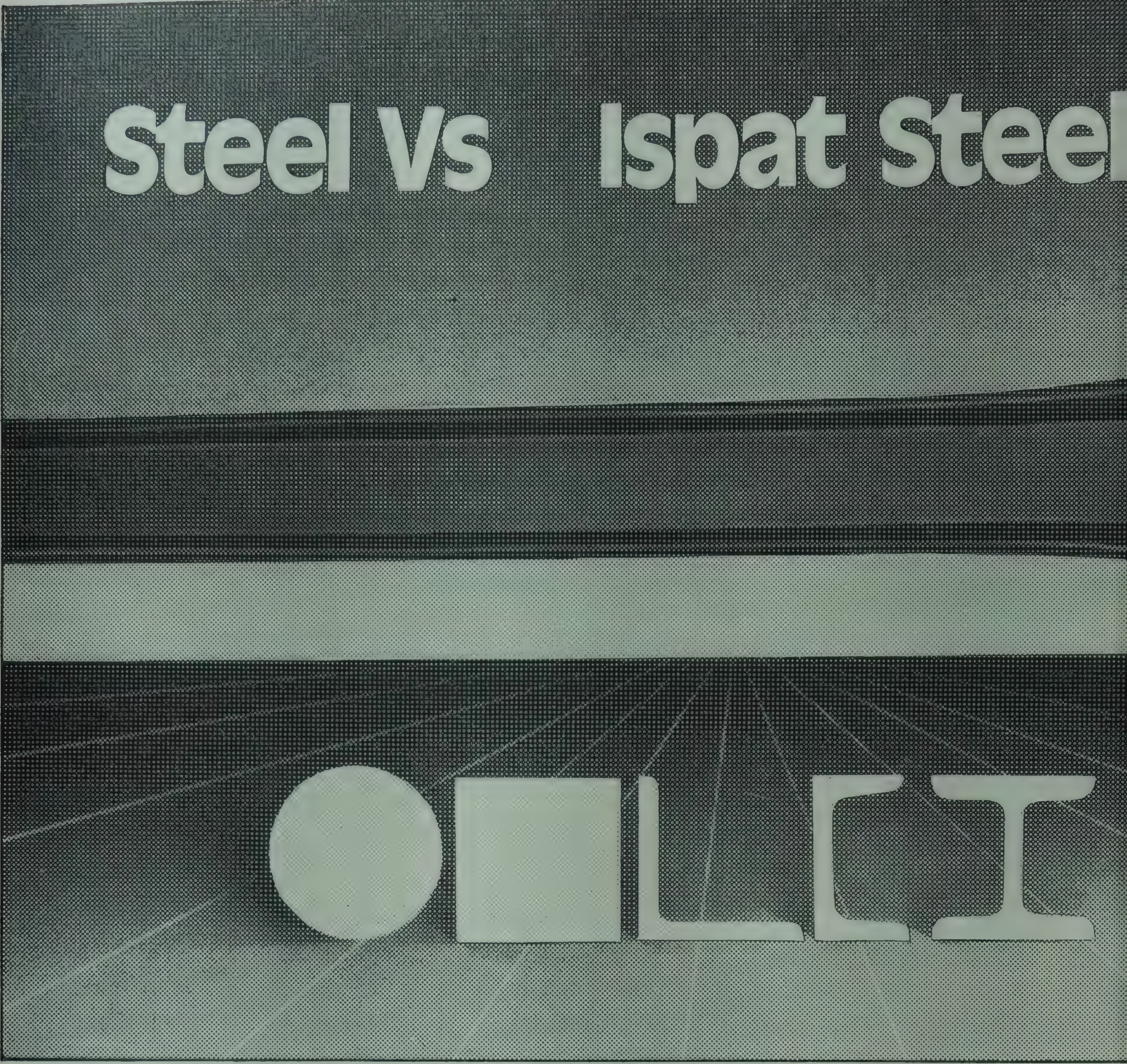
According to another banker, who is in charge of agricultural loans the joint publicity committee is, in a way, nobody's baby and this results in such bloomers. This kind of uncoordinated and undefined effort does not pay off, and the entire advertisement expenditure is totally wasted. He points out that among newspapers, only the smaller ones in rural areas in languages other than English would succeed in carrying the message to the target audience. In his view, radio and TV would have been the ideal media for such advertisements in Hindi and other regional languages for effective dissemimation of information.

Two other aspects of this effort of the banks have also been commented upon. First, it was found that the operating details of the assistance schemes announced in the advertisement did not reach a good number of branches in time. As a result, early enquiries went unanswered. It is a well known fact that the internal communication systems of all public sector banks is quite inefficient and tardy. As has been observed many times before, it is time bank managements did something to speed up their internal communication systems.

Second, the consumption loans of Rs 500 per family announced by the joint publicity committee would seem to be much too small to serve any useful purpose, considering the magnitude of the vicissitudes faced by the rural and agricultural population.

While these comments definitely carry some weight, it must, however, be admitted that the banks have shown an enlightened approach, at least at the policy levels, in rising to meet the challenge of the devastation caused by floods and drought in rural areas. Many bankers themselves, however, remain sceptical that the promises and assurances made in the advertisement will be speedily implemented.

A CORRESPONDENT



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Rounds (50mm × 125mm),
Squares (50mm × 100mm)
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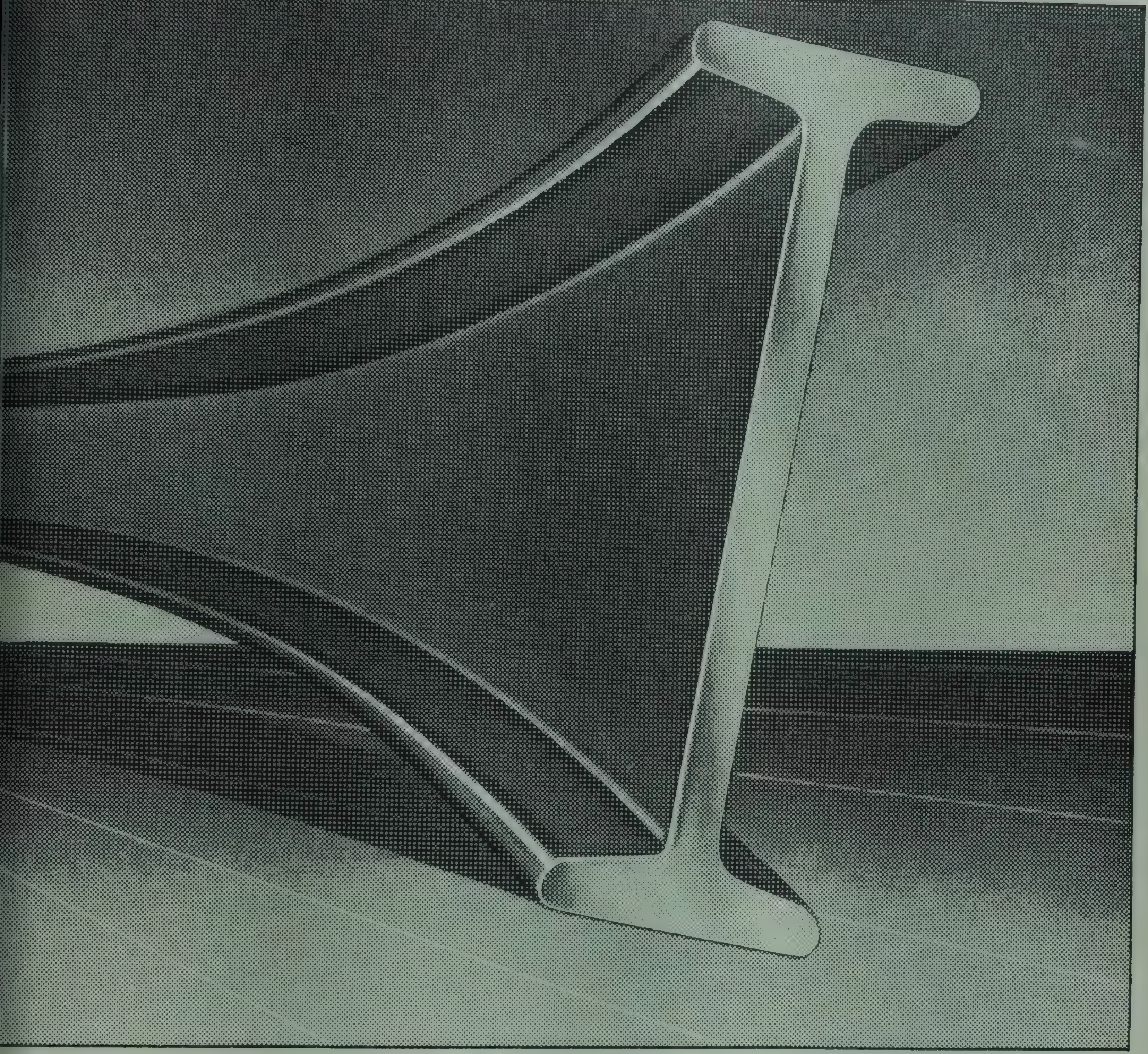

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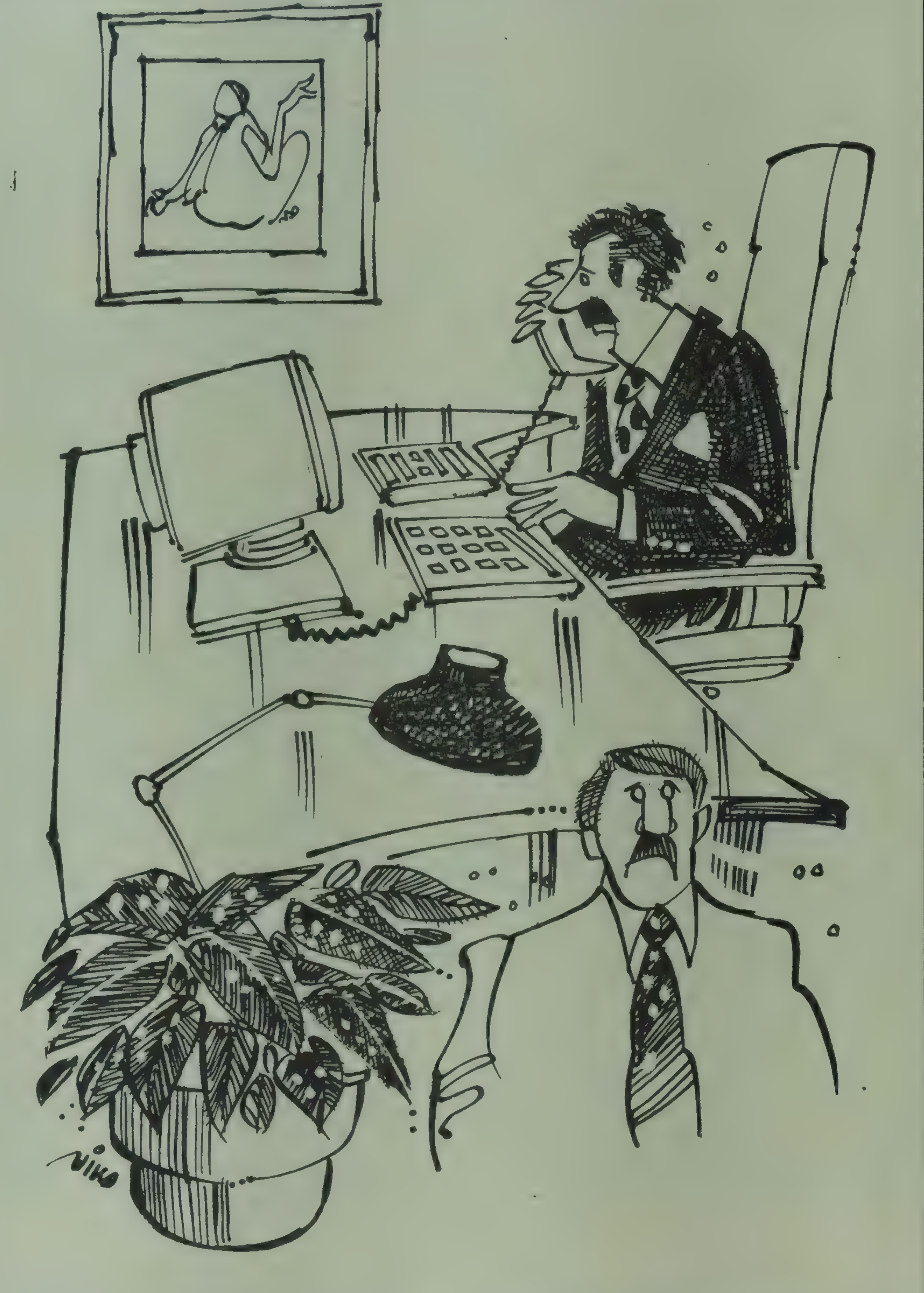
WORLD MARKETING CONFERENCE

Sizing up the nineties



"Yes! We are releasing the 'new' product all over the world except here, because it's still listed as a luxury item."

For the first time, a world marketing conference was held in Montreal in May, attended by over 800 delegates from the US, Canada, Europe, Japan, China, Singapore, South America and India. It was a unique event which gave an idea of the latest thinking and developments in marketing. While some of the models and techniques were specific to North American industrial society, the conference did throw up ideas relevant to us in India.

Among the 50 speakers at the conference was Philip Kotler, whose presence inspired the delegates, most of whom were familiar with his writings. He said that people in many professions have realised the value of marketing today. With its origins in economics, the behavioural sciences, mathematics, philosophy and sociology, marketing doctrines have a universal application. The core of marketing is the concept of exchange and the resultant ones of value, product, market needs and wants.

Pointing out that every decade in marketing history has spawned new concepts, research and controversy, Kotler defined concepts as those that improve understanding and predictiveness, and added that we must be careful to distinguish between fads and fundamentals. He reviewed some of the milestone concepts in marketing and shared his thoughts on new perspectives for the future.

To the traditional Four Ps of the marketing mix (products, price, promotion and place and pipeline), he made two sets of additions. The first was to the mix itself: people (in service industries), packaging (in consumer industries), pay-offs (what we in India euphemistically call third-party commissions!), politics and public relations. He looked at the mix as consisting of the tactical weapons of marketing and proposed a new set of Ps to represent the strategic elements. These were: probing (research); partitioning (segmentation); prioritising (targeting); and positioning. He highlighted the extension of the marketing concept in the late sixties to cover organisations, persons, places and ideas, and of exchange not merely for money.

In recent times, two contrary concepts have come to the fore: global marketing propagated by Theodore Levitt in 1983 in relation to multinational corporations developing uniform marketing approaches around the world, and the concept of local marketing which came up in 1986, referring to the reverse tendency in the US of developing specific approaches to local markets with the advent of optical scanning technology, the growth of local retail chains, the declining effectiveness of mass media with the advent of video, cable TV, etc.

Kotler predicted the development of some new concepts for the nineties. One was that of customised marketing with products tailored to individual customers with the use of computers intereacting with each other, optical scanning and TV. He gave the example of the customer being measured by laser for a suit, the data transmitted to the factory where it is tailored by robots and delivered by tube within the hour. Global competition will force companies to form marketing networks, so that using the resources of these loose associations, one company can roll out a new product simultaneously in many markets in different continents. The 'Halo Corporation' will be another new development — an individual with a telephone and a computer terminal who matches supply to demand anywhere in the world.

New marketing decision support systems will help to analyse syndicated marketing data. New communications businesses will offer not just an advertising programme but a total integrated marketing communications programme. Geo-political marketing too will be new — to develop approaches to the marketing of cities (as travel destinations or as loan prospects) and help countries promote tourism. Marketing has developed a rich set of concepts based on a commonsense analysis of the marketplace. New concepts are emerging, giving rise to new opportunities. According to Kotler, marketing is entering its Golden Age.

Discussions on 'Great Ideas in Marketing' established 10 significant achievements of marketing in recent years. These are:

- health services marketing;
- a major new business in the marketing of financial services with products designed to suit the needs of well defined target groups;
- communications, with national newspapers being delivered anywhere in the US, thanks to the use of modern printing, computer and satellite technologies;
- the marketing of packaged environments — Disneyworld, huge enclosed shopping malls, etc;
- decision support systems; interactive computers;
- delivery systems which slash time and costs and give a competitive edge in physical distribution;
- electronic merchandising, by which the consumer has access to detailed stockmarket data and analysis on his TV screen, or where he is able to do his supermarket shopping on the computer;
- off-price retailing as a major new industry with bulk purchase of surplus products, seconds and rejects, which are then made available where there is demand;
- and standardised professionalism, or the uniformity of services in specialised areas.

Many of these developments are likely in India in the foreseeable future and in others, the technology already exists.

In a brilliant presentation, Edith Weiner pointed to a few developments which would affect marketing in the future. The first was what she called disintermediation. The consumer is becoming less willing to accept the opinion of 'learned' or 'expert' intermediaries and this will change the traditional delivery channels of products and ideas. For example, in the US there is already the appearance of "value-added resalers" who take what others manufacture and put it together in new and innovative ways to make it attractive to the customer.

Another concept is that of mini-mass marketing or the increasing presence of mass markets in what appear to be segments of a mass market. For example, in the US, there will be 20 million diabetics by the year 2000, needing special foods, medicines and so forth. In this way, there will be many groups with overlapping characteristics which will form distinct markets for particular products or services for specific purposes. For example teenagers, working women who have a child for the first time; single men, newly married men with working wives, and so on. Each group has needs that marketing must identify and satisfy with suitable products and services.

This concept is applicable in India. Similar overlapping segments are also visible in India and some are getting to be large enough to warrant special attention.

Weiner's third point of discussion was a trend in North America where many people are cutting down their income requirements to allow themselves more leisure, remain in the same location to cultivate friendships, use good educational facilities, support the career of the spouse, and so on. Hence income classifications are likely to mean less than socio-cultural characteristics, at least for marketing purposes. We can see the beginning of this trend in India as people refuse to relocate, or to accept promotion, and who have enough family income for marketers not to be able to ignore them.

Fourth, product design in the future will have to consider the ecology of technology to enable products to be redesigned to make technology less intrusive and indeed invisible. Products will have to be superior without becoming complicated to use. Weiner's last prediction was that the medium of exchange will change, as has happened in world trade with counter-trade now accounting for perhaps 33 per cent of world trade. Marketing must begin to learn to operate under different rules of barter.

It will take many years for the new technologies to make much difference to the Indian marketing professional. But concepts and attitudinal changes in the consumer will reach us and we will perhaps cope similarly. The next major challenges in India will be to develop mass markets instead of functioning within limited licensed capacities; to introduce marketing quickly into general industrial practice before competition brings about too many pleas for government help; to introduce marketing concepts into services including non-profit sectors; and to develop the waiting demand for financial services that meet varied consumer needs.

A recurring theme at the conference was the dearth of competently trained and experienced marketing professionals. This is

"If you prefer, we can manipulate the data. You will get a three-piece suit for the price of a regular."

causing great job mobility without the practitioners gaining enough experience. The need for training and education in marketing was repeatedly emphasised. Our situation in India in this respect is no better. We have little experience in marketing in competitive markets. Much of our marketing teaching focuses on consumer products. We have little Indian material, and almost none when it comes to industrial products, projects, services, and non-profit marketing. We do not even have a common platform like the American Marketing Association, a forum now in its fiftieth year where academics and practitioners in marketing get together, share experiences, and consider how to improve their functioning.

PEOPLE METERS

Market research was said to have always lacked precision. The new information technologies are changing this. Thus people meters, for instance, give more definite and reliable information about TV viewing than the system of asking the viewer to make a note of what they watch. Increasingly, data on the consumer is becoming available from single sources, making possible better coordination, common methodologies and better interpretation. With more precise knowledge of target audiences, old assumptions will come under question, and there will be new trends in media usage. In Japan, marketing people believe that the Americans place excessive reliance on market research, and not enough on their own personal observation and intuition.

The discussions on advertising categorised the last four decades or so into three classifications: the Print Revolution, the Film Revolution, and now the Client Revolution. From 1935 to the early seventies was the Age of the Creative Giants of Advertising, typified by three people. The first was Leo Burnett, who looked for drama in the product, and whose advertising claims were always based on an intimate knowledge of the product. The other two were David Ogilvy and Bill Bernbach — Ogilvy with his belief in the Big Idea and Bernbach who was provocative but whose ideas all stemmed from the product itself. This was the age of the Revolution in Print. For a few years in the seventies, formula thinking and testing, especially copy testing, dampened creativity. But, most of that decade and up to the present time was the Age of the Brilliant Executors and the Film Revolution. Brilliant designers and film directors revolutionised advertising. The use of humour and spectacle and current film motifs, as in the case of science fiction, enabled human emotions to be captured for the use of advertising in an intimate way. This magic on film has worked in the marketplace. But the very high costs are now forcing some new rules, and advertising film lengths are dropping to 15 seconds. The need is increasingly to concentrate on the product rather than on the fashionable film director or producer of music.

In the US, the eighties saw a major change — people realised that technology alone canot sell products. American industries are being forced to look at long term rather than short term profits and concepts, as in Nordic countries, of amortising marketing investments over three years.

There are profound changes in marketing processes and structure. The cause and the effect of marketing stimuli are apparently less than were expected. The camouflage provided by growing affluence and population growth to the effects of marketing investments is being removed as general expectations get diminished with changing social attitudes and the population begins to move to zero growth. The use of saturation spending overcame the lack of precise targeting, but the combination of diminished market growth and high costs are setting severe limits to such expenditure. Advertising cannot put differences into products where they do not exist.

Organisations have become too large and production and marketing departments are getting distanced from each other and other sections of the company as well as from the consumer. The innovative companies are going into regional and local marketing programmes so that different markets are treated differently. The form and function of marketing will have to be redefined and new pyramids created. Brand strategies must give way to market strategies. While we in India do not have either diminishing expectations or zero population growth, the new thinking towards market strategies versus brand strategies may well be relevant to those of us who have spent our years developing all India rather than regional strategies.

In the US, one result of some of these changes has been that control over the marketing function has shifted from marketing departments to the strategic planners, accountants and sales managers. If marketing is unable to manage significant growth for the company in a short time, chief executives have been willing to buy it and strategic planners to sell off low market share businesses. Companies have begun to sell off major parts of their businesses built by marketing approaches.

Corporate planners are busy building growth through joint ventures, and networking. The initiative is certainly not greater with marketing. To a large extent, the marketing function has to blame itself for the development. It is tending to look merely at improving the productivity of marketing investments rather than at risk taking. To some extent, this is because the cost of failure is becoming unacceptably high for most companies because of the size of the marketing expenditures.

Marketing professionals theretore tend to play it safe. Many markets have moved to price discounting and power has shifted from the brand manager to the sales manager. This is another reason for the growing interest in regional marketing. It is clear that marketing must reassert its innovative, risk taking and growth oriented role in the company. It can do so only by being thoroughly involved with the product and its technology, by working intimately with R&D and production, in order to improve value in products for the consumer besides communicating and reaching him effectively. Selling off divisions, buying new business and price discounting can take a company only so far. Ultimately, the marketing orientation of the company has again to come to the fore if these new restructured businesses are to survive and grow.

DATA LIMITATIONS

The transformations in information technology will require major changes among users and providers of information. Each will have to be more involved in the other's activities. The providers must understand the users' big picture and the users must know the limitations of the data and the data analysis. Users must understand that there are no short cuts to understanding and hence encourage providers to be part of the users team. Information needs must be planned in advance so that less information becomes more useful because it is integrated into strategy and planning. Users must relearn that a successful business cannot be run on numbers alone; that a collaboration with the providers of the information by interacting to develop ideas and in implementation will be more productive, and finally, that imagination and creativity must be fostered but be based on information about the consumer. A future article will deal with Japanese markets and marketing and with global marketing, two topics that were also covered thoroughly at the conference.

The nineties will put Indian marketing abilities to the test as markets open up domestically, and companies turn to exports. We will have to choose between huge mass markets and developing special niches within them. Marketing will have to face the challenge of divestments and acquisition, making growth through careful marketing planning less relevant. The cost of marketing failure should not inhibit us. We must learn to use the body of knowledge that is available in marketing to improve our risk taking. Marketing must become entrepreneurial, and not merely administrative.

S. L. RAO

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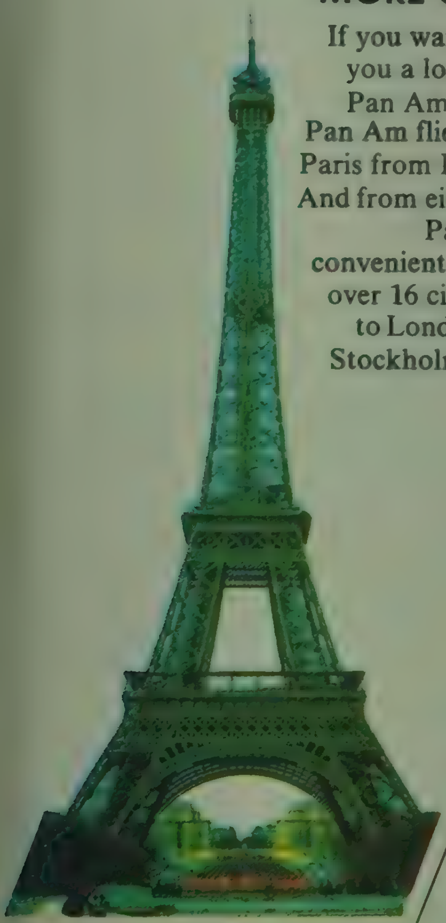

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1988: shape of things to come

Is the Indian financial services industry (banking, credit, merchant banking, leasing) undergoing a silent revolution in India? In spite of the so called Hindu rate of growth and its natural side effects, the Indian economy has grown steadily since 1950. During a major part of this phase of planned development, banking and finance has remained strictly regulated in order to ensure that finances have been readily available for the selected priority areas.

In an economic system well known for inefficiency and wastage, high incentives have been provided to attract savings. At the same time, investors, either through lack of choice or faith in the private sector, have been entirely dependent on banks and post offices for the safe keeping and accumulation of their money. However, in the seventies, there was a shift when the investing public found the stockmarkets a lucrative parking lot for their savings.

The growth phase and the resultant boom of 1985, followed by the slump are well documented events. The collapse came earlier than some expected. While the fallout was damaging, to put it mildly, this provided an opportunity to review the overall scenario in the right perspective. Though both preventive measures and antidotes are now trickling in in bits and pieces, a number of decisions have been taken in recent months which could revolutionise the Indian banking and finance scenario in 1988.

MORE SUBSIDIARIES

The most important event is perhaps the creation of finance company subsidiaries by the State Bank of India and Canara Bank. More are in the pipeline. These subsidiaries are expected to infuse a new culture and dynamism in the financial world bringing with them, as they are, the advantages of relatively larger resource bases than have hitherto been available to companies dealing in financial services. Moreover, these subsidiaries will be beyond the reach of many direct and rather crippling restrictions imposed by the Reserve Bank of India (RBI) on banks, especially with regard to financial services. These subsidiaries will thus be in a position to offer a wide variety of products to suit the needs of the market.

While these finance companies will compete with commercial banks both in resource mobilisation and deployment, banks themselves are also adding new muscle power through computerisation, addition of new products like ATMs, credit cards, consumer loans, real estate financing, etc. For example, the RBI promoted National Housing Development Bank can be expected to add further dimensions in banking and finance.

The private sector leasing and finance companies which mushroomed during the 1985 boom are also coming of age. The major ones among them are likely to play increasingly important roles in inducing competition in the financial services industry. However, considering that the investing public has become wary of the capital market, these companies, in all likelihood, will face a resources constraint. This may lead to certain amount of liquidation and consolidation.

Another development of major significance is that commercial banks now have government clearance to undertake mutual fund and venture capital business. This will have a direct salutory effect on the capital market and promotion of new projects.

WELCOME STEP

The recent amendment allowing limited companies and subsidiaries of certain financial institutions, SBI and nationalised banks to become members of stock exchanges is also welcome step. While stockbrokers are not happy about this, the entry of institutions and banks will help to impart a certain depth and quality to the stockbroking activity. Even the stockbrokers will benefit through increased business in general.

However, it must be understood that the entry of new players is not enough. A number of bold steps need to be carried through to

- strengthen the infrastructure and monitoring systems,
- create new instruments,
- and provide for greater liquidity.

The authorities are now seriously considering the establishment of an equivalent of the Securities Exchange Commission of the US in India. Presumably, the idea behind this is to provide a set of clear cut policy guidelines and ensuring strict compliance thereof. A stockscan is the first step towards integrating the stock exchanges. Stockholding corporations are also likely to be set up by the end of 1987. Progress has reportedly been made in setting up a credit rating agency, which will prove to be vital in bringing credibility to financial markets.

As regards new instruments, commercial papers, warrants, non-voting shares and certificates of deposit are being considered and at least a few of these are likely to be introduced in the near future.

A number of large projects were planned in 1985-86 based on resources to be raised from the capital markets. With gradual improvement in the cpaital market, jumbo issues by such major projects should add liquidity to the market. The IDBI, ICICI, IFCI should progressively sell the shares acquired by them in these projects through conversion of loans. This will add liquidity to the market and generate new resources for the institutions.

Debt securitisation, which is currently under active consideration, can also add liquidity to the market. Rather than having the public sector units raise funds by way of bonds, on the strength of fiscal concessions and institutional support, limited equity issues by selected units should be considered. However, it does not seem that such limited privatisation will take place in the near future.

A general picture of banking and finance in 1988 would have following highlights:

- competitive multiple service banking subsidiaries with large resources and greater flexibility;
- greater depth and professionalism in the stock exchanges with the entry of banks and institutions;
- a big push from mutual funds and venture capital in primary and secondary capital market activities;
- greater discipline and better technological support;
- disintermediation through new instruments and greater liquidity;
- and increasingly consumer oriented banking services.

PROVIDING LEADERSHIP

The main role of the authorities in 1988 should be to provide leadership and guidance to ensure the success of all these new developments. Apart from the objective of regulating and streamlining the financial markets, there is also the all important question of speeding up the growth rate of the economy. Rather than passing a plethora of rules and regulations, the government should aim at formulating a set of clear cut policy guidelines with stringent provisions for tackling any misuse.

Another point that comes to mind here is that even though India has a long way to go before it becomes a free international market (if ever) the foreign banks which are already present in India should be allowed to participate freely in the new scheme of things. In spite of their relatively small presence in India at the moment, it cannot be denied that the foreign banks have the resources and expertise to exploit the new developments for the benefit of the banking and finance industry as a whole. The alternative is to allow banking and finance to be fully dominated by public sector players on both sides of the table.

S. K. MITRA

The author is vice-president, American Express Bank, Bombay.

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CHAIRMAN'S SPEECH THIRD ANNUAL GENERAL MEETING

Dr. A. Besant C Raj DBA (Harward)
Chairman

I am happy to welcome all of you to the Third Annual General Meeting of the Institute. During 1986-87, your Institute has made remarkable progress in terms of academic work, student enrolment and other activities.

CFA PROGRAMME

The CFA Programme launched by the Institute in October, 1985 with the support of ICFA, USA, continues to receive excellent response from all over the country. The enrolment has gone up from 1976 on April 1, 1986 to 5588 on March 31, 1987. Currently the total number of enrolled candidates is nearly 6400. The profile of the students indicate that the CFA Programme is popular with executives and professionals drawn from different disciplines and academic backgrounds.

The Preliminary Group A examinations were successfully conducted during October 1986. 822 candidates took the examinations and 33.9 per cent of the candidates cleared Group A. Subsequently, examinations were also conducted in April 1987 for both Group A and Group B at the preliminary level. 503 candidates took the examinations for entire preliminary level and 53 per cent cleared the same. 960 candidates took only Group A examinations and 28 per cent were successful. 531 candidates took only Group B examinations of whom 56 per cent were successful.

The study material for the Intermediate Level has been developed and despatched to the students enrolled at this level. The examinations at this level are scheduled during October 1987.

Oral coaching classes are being conducted for the benefit of registered students at the following centres: New Delhi, Bombay, Madras, Hyderabad, Bangalore.

BBF PROGRAMME

ICFAI is currently working on developing a new programme titled "Basic Business Finance Programme" for the benefit of non-finance executives. It is expected that the BBF Programme will be launched in December 1987/January 1988. While the CFA Programme caters to the requirements of those who would like to gain indepth advanced knowledge and skills in Corporate Finance, Investment Management and Financial Services, the BBF Programme is designed for the non-finance executives in Production, Marketing and Personnel areas to help them develop a broad understanding and appreciation of the Finance function.

The study material for BBF Programme is under development. The BBF Programme is essentially a short duration (6 months) correspondence programme with four compulsory modules and two optional modules. Every six months, workshops will be conducted at selected centres for the benefit of those enrolled for the BBF Programme.

STUDENT CHAPTERS

I am happy to report that Student Chapters have been opened at more than 100 centres all over the country for bringing about a greater degree of cohesion among those enrolled for the programme and the Institute.

FIRST ALL INDIA CHAPTERS MEET

The First All India Chapters Meet was organised at Hyderabad on November 16, 1986. Chapter Representatives from all over the country participated in the deliberations at this annual get-together.

MANAGEMENT DEVELOPMENT PROGRAMMES

During the year, ICFAI conducted Management Development Programmes for a number of organisations in a variety of finance related subjects. These programmes were received well by the companies.

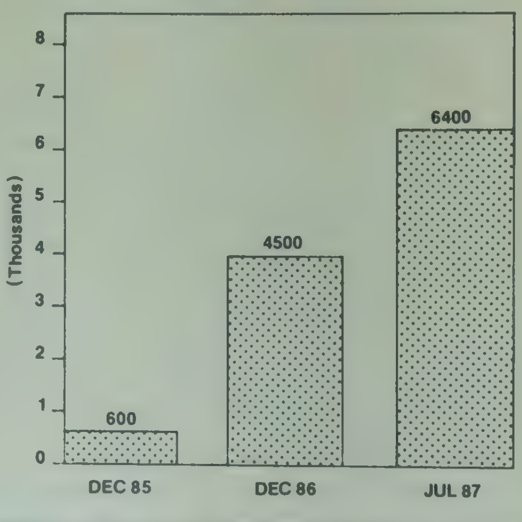
The following In-Company Programmes are currently offered by the Institute:

Finance for Non-Finance Executives
Financial Statement Analysis
Corporate Financial Management
Financial Management in Public Sector Enterprises
Working Capital Management
Budgeting and Budgetary Control
Zero-Base Budgeting

CFA NEWSLETTER

The CFA Newsletter has become a monthly and has become a useful and effective link between the programme participants and the Institute.

CFA ENROLMENTS



ASIAN SECURITIES ANALYSTS COUNCIL

In June 1986, I was invited to attend the Eighth Annual Meeting of Asian Securities Analysts Council at Hongkong. I am happy to advise that ICFAI is being admitted as a member of Asian Securities Analysts Council shortly.

BOARD OF GOVERNORS

I am happy to report that Shri G S Patel, Former Chairman of Unit Trust of India and Shri C R Sengupta, Former Chairman of United Bank of India have joined the Board of Governors of the Institute during the year.

ACADEMIC COUNCIL

I am also happy to report that the following distinguished scholars have joined the Academic Council of the Institute during the year:

PROF. PRASANNA CHANDRA
IIM, Bangalore
Chairman

SHRI THOMAS A BOWMAN
Vice President
Candidate Programmes
The Institute of Chartered Financial Analysts, U.S.A.

PROF. L C GUPTA
Management Development Institute
New Delhi

PROF. N KRISHNA RAO
IIM, Calcutta

PROF. M N KAURA
Administrative Staff College of India
Hyderabad

PROF. V RAGHUNATHAN
IIM, Ahmedabad

PROF. PRAKASH APTE
IIM, Bangalore

DR. Y B YALAWAR
Formerly Professor of Finance
Dalhousie University, Canada

ACKNOWLEDGEMENT

I wish to take this opportunity to thank the members and ICFA, USA, for extending enthusiastic support for the development of our Institute. I would like to particularly thank Shri Alfred C Morley, President, ICFA, USA, for the interest he is taking in developing our Institute and a professional cadre of Financial Analysts in India. I would also like to thank my colleagues on the Board, the members of the Academic Council, the various academic experts who are developing the study material, the faculty, the registrar and other members of the staff of ICFAI for their continued support and help.

Hyderabad
August 15, 1987.

Dr. A Besant C Raj
Chairman

Suburban railways

Motormen slow down

In situations of industrial unrest, it is quite common to find managerial personnel playing down the seriousness of a dispute, particularly its impact on the company's operations. That is only to be expected as management would employ every possible means to undermine the workmen's morale, most effectively by demonstrating the futility of their action.

But for management to altogether deny that a dispute exists is quite a different matter. Not only would it delay a resolution of the dispute, but might actually serve to aggravate the situation. A similar attitude on the part of the Western Railways (WR) administration today threatens to escalate the 2½ month 'work to rule' agitation by motormen to the point of totally disrupting the city's suburban rail services.

The situation is all the more incongruous because the issues in dispute are few and really quite trivial. The motormen's principal demand is for their pay sheets to be prepared at Churchgate (the terminus) rather than at divisional headquarters at Bombay Central, as is the present practice. They have also demanded adequate rest-room facilities at Churchgate as well as improvement of staff running rooms.

The motormen claim that, as in the case of the other running staff, their pay calculations are complicated by four allowances that tend to vary with the distance travelled, hours worked and so on. This apparently causes errors in computation and the motormen have to make 3 trips on an average each month to Bombay Central to have them corrected. The Western Railway Motorman's Association (WRMA) has therefore proposed that a clerk from the personnel department be posted at Churchgate for 3 days in a month so that any dispute over pay calculations can be sorted out on the spot. As a similar arrangement has already been made for the guards, the motormen see no reason why it should not be extended to themselves.

The Indian Railways follows a policy of discouraging sectional or 'category associations' amongst their workmen, preferring to bargain only with the 2 recognised national federations. As the administration could not enter into direct negotiations with the WRMA, the then divisional railway manager, M. G. Poddar, sought to settle the issue by way of an administrative order. On 23 March this year, he visited the motorman's rest room at Churchgate and issued instructions, on an inspection note, for space to be made available for a clerk.

Western Railway local: going slow

According to WRMA members, however before the order could be carried out, representatives of the federations intervened in the matter; they are alleged to have warned the administration that conceding the WRMA's demand, would only encourage other category associations to press their sectional claims. Thus when the motormen found that Poddar's instructions had not been carried out even 3 months later, they decided to launch a work-to-rule agitation to pressure the management. All it involved was the cessation of certain work practices that the workmen had earlier agreed to in order to minimise delays in train services.

The major cause of delay on the city's western railway is the large number of level crossings along the route: between Mahim and Virar, there are no less than 16 level crossings. Under the Bombay Traffic Rules, the gates at these points have to opened for vehicular traffic at intervals not exceeding 10 minutes. As all 4 lines get blocked every 10 minutes, the railways have great difficulty in running the service on schedule. The only scope for making up for the delay lies entirely with the motormen. By speeding up on the clear stretches, running anywhere between 75 kmph (the speed on which the schedules are based) and 100 kmph (the maximum permissible speed), the motorman can compensate for delays of upto 4 or 5 minutes. The work to rule agitation was directed against this practice of 'making up' for lost time.

The Western Railway runs a total of 811 trains a day. During the 6 peak hours, the frequency of services increases to almost one every 2 minutes. In such a situation, the refusal to 'make up' meant delays all along the line; and as any train whose departure is delayed by more than 5 minutes is cancelled, it inevitably lead to several cancellations. In the first days of the agitation, it is estimated that the Western Railway had to cancel between 30 and 40 trains a day.

The railway administration however denies that the agitation has had any such impact. In fact, Pramod Kumar, the WR divisional railway manager, denies that dispute exists at all. "When I talk to my motormen," he says, "none of them seem to be agitated about anything. It is a small coterie, perhaps 10 per cent of our 221 motormen, that is bent on puffing up imaginary grievances." He further denies that his predecessor had in fact conceded the motormen's demand: "Even if he did, I shall rescind the order."

Kumar claims that the number of cancellations have not exceeded 8 a day over the last two months, ie, less than one per cent of the total services. And even these, he claims, have nothing to do with the agitation. "Besides the delays caused by the level crossings," he says, "the automatic warning systems (AWS) that we have recently installed on the trains have slowed down the entire service." The AWS imposes a speed restriction of 38.5 kmph in the event that the motormen passes a yellow signal at a higher speed. This naturally limits his scope for speeding up. Moreover the coincidence of the agitation with the onset of the monsoon, when services tend to slow down, also allows the administration to play down the impact of the agitation.

What the administration finds more difficult to explain, however, is why, they have felt it necessary, if there is no agitation, to take disciplinary action against the motormen. 15 motormen have to date been issued 'show cause' notices for refusing to speed up. What is even more disturbing are reports from motormen that officials, in an effort to break the agitation, have started accompanying the motormen and goading them to disregard signals and to speed up far in excess of safety limits. Recent instances of trains over-shooting the platform tends to bear this out. Kumar denies this. He claims that the motormen have been labouring under the misconception that 75 kmph is the maximum permissible speed, and wrongly observing certain signals that are applicable only to long distance trains.

It would thus appear, that rather than settle the dispute, the administration is bent on prolonging it. Worse, they seem to see in the agitation an opportunity to revise operating norms — which in the circumstances, could have disastrous consequences for public safety.

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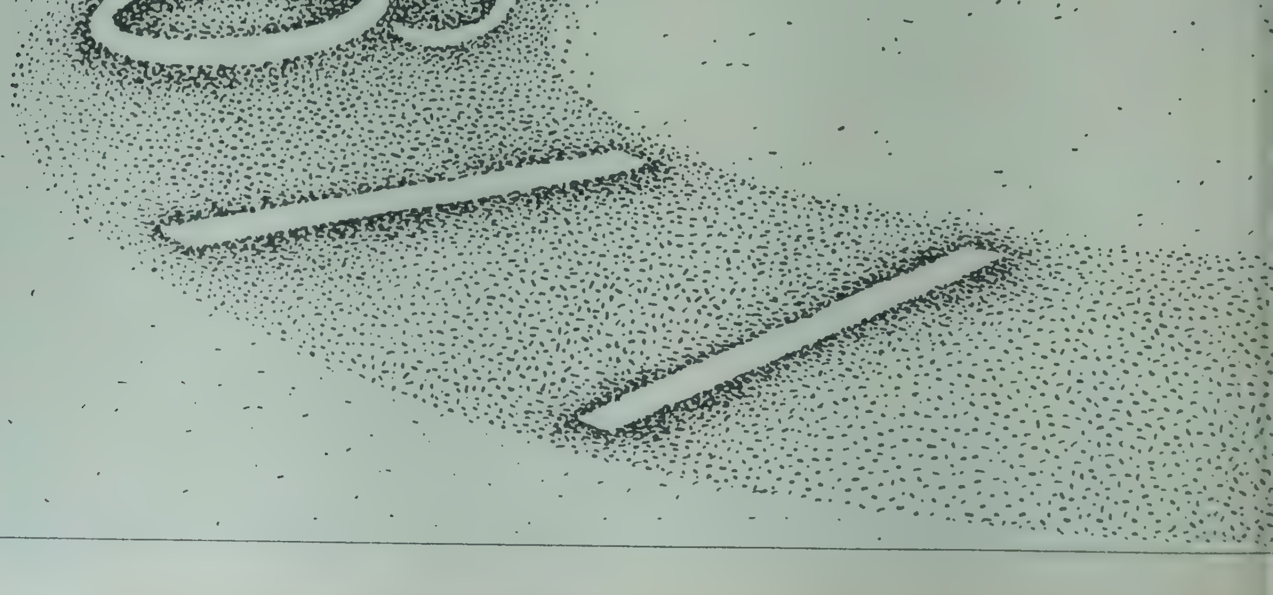

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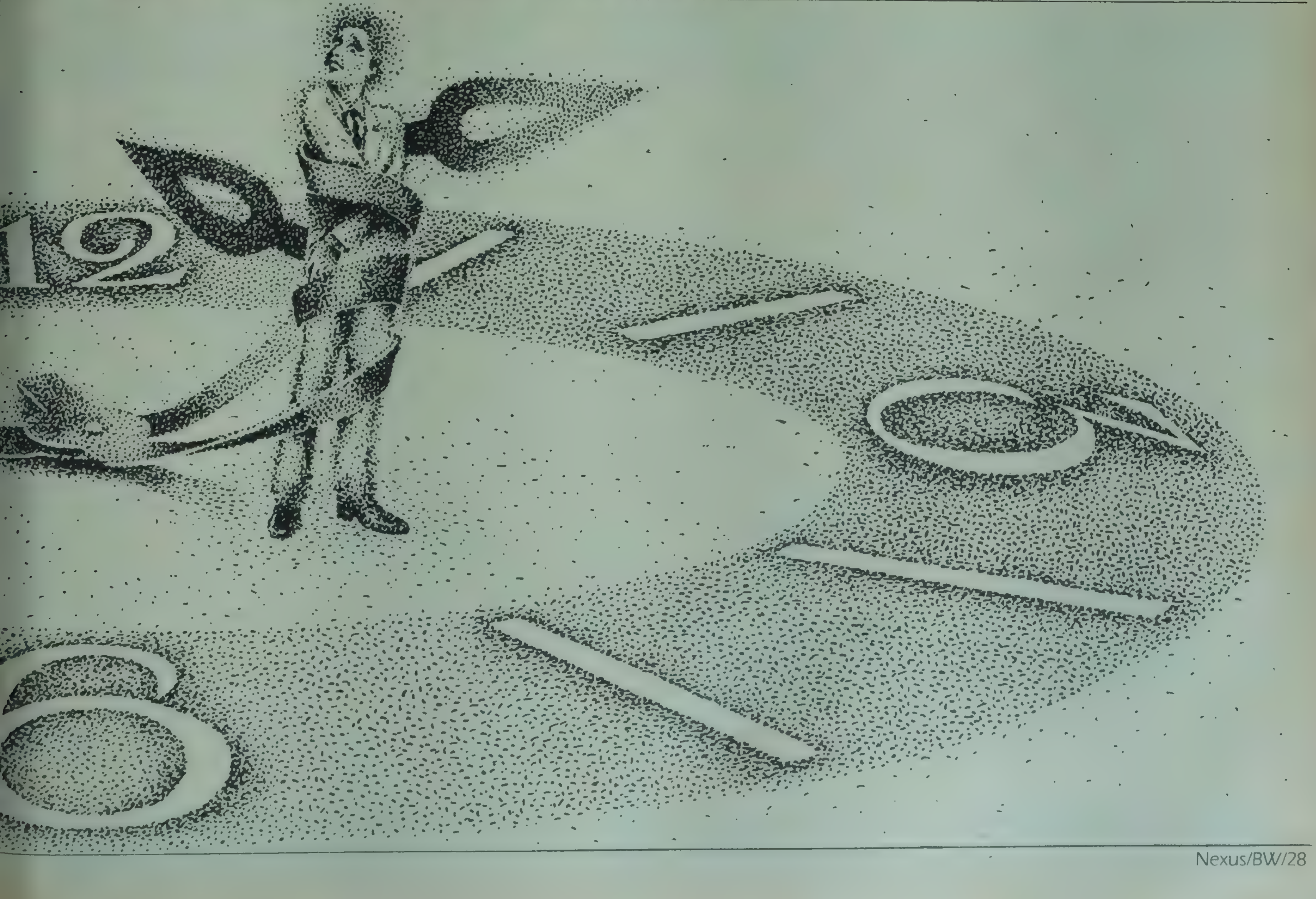

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SUNDERBAN FERTILISERS

Up against an agitation

The Rs 8.5-crore project of Sunderban Fertilisers Limited (SFL) for the production of 66,000 tonnes of single super phosphate (SSP and 33,000 tonnes of sulphuric acid annually, to be set up in the South 24 Parganas district in West Bengal, should have been welcomed enthusiastically by the people of the industry starved area. Instead, the project has come up against stiff opposition from the local villagers who are apprehensive about the possible pollution effects in an hitherto pollution-free zone.

In a state which is not noted for its industrial growth, the Sunderbans area in its southern tip, encompassing over 7,000 sq kms of mangrove forests, is possibly industrially the most backward. The low lying agricultural land of the Lakshmikantapur-Mandir Bazar area, 65 km south of Calcutta, where the project is expected to come up, yields crop only once a year. The farmers there are almost entirely dependent on the monsoon for cultivation since there is virtually no irrigation system to aid farming and fertilisers are hard to come by.

The setting up of a chemicals factory in close proximity to an area which has a population close to one lakh, is a risky proposition say people of the area, who under the banner of Mandir Bazar Paribesh Dushan Virodhi Samity (MBPDVS) have launched a unique environmental movement — probably the first of its kind in West Bengal — trying to prevent the factory from coming up.

The 150 or so activists, are school students, teachers, professors in local colleges, as well as farmers. They have been carrying out door to door campaigns for the past eight months and have collected over 1,500 signatures for a petition to chief minister Jyoti Basu, seeking his intervention to stop the project.

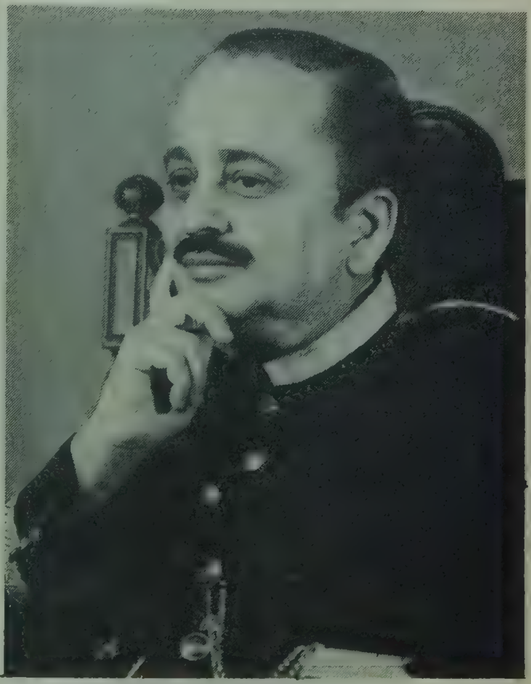
There have been no open demonstrations so far, since the activists say they prefer to voice their agitation peacefully. But several deputations have been sent to the panchayat heads and the local CPM MLA. A formal complaint has been lodged with the minister-in-charge, department of environment and forests. Simultaneously, exhibitions on the subject have been organised and a workshop on sulphur pollution is being conducted with the help of university professors, scientists and members of the Scientific Workers Forum (SWF) — an organisation which aims to popularise science amongst the masses and is supporting the movement in a big way.

"We are fighting for a larger interest," says Bisuddhananda Purakayastha of Sultanpur village, who works in the postal department in Calcutta and is joint secretary of the Samity. "For us the factory might create some jobs, but it is for the region as a whole that we are worried, since it would spell disaster for Bengal's best known forest. It is a most inappropriate location for the setting up of a highly pollutant industry like fertilisers."

There are roughly some 69 SSP plants in the country with a total capacity of 38.11 lakh tonnes annually. Doubts are now being expressed in various quarters about the wisdom of excessive reliance on chemical fertilisers. In afeature on environmental pollution — ironically published in a West Bengal government publication, 'Paschimbanga', dated 5 June, 1987 — it has been stated that overuse of chemical fertilisers in India is causing severe environmental problems.

West Bengal, which already houses several chemical factories, has two functioning SSP units — the Phosphate Company, belonging to the Bangur group, and Jayshree Chemicals of the Birla Group, at Rishra and Kharda, of capacities of 108,000 tonnes and 159,000 tonnes respectively. Both areas are densely populated. These factories have reportedly been declared environmental hazards. They are among the 20-25 factories labelled 'dangerous'' after Bhopal.

"We are fighting for a larger interest," says Bisuddhananda Purakayastha of Sultanpur village, who works in the postal department in Calcutta and is joint secretary of the Samity. "For us the factory might create some jobs, but it is for the region as a whole that we are worried, since it would spell disaster for Bengal's best known forest. It is a most inappropriate location for the setting up of a highly pollutant industry like fertilisers"



Roy Chowdhury: dismissing the allegations

Apart from these, 10 prominent plants in the state manufacture between 50-70 tonnes of sulphuric acid a day. Of these, Kesoram Industries has been facing prosecution under pollution laws over the past couple of years. Despite severe protests by irate citizens of the respective areas, the factories continue to function regardless.

The new SFL factory, point out environmentalists, would be fairly large and produce more than 80 tonnes of sulphuric acid daily. Pollution, feels Prof Rabin Chakravarty, one of the activists of the forum, would be unavoidable, since the proposed factory can in no way avoid the emission of dangerous gases — mainly sulphur dioxide — and discharge of wastes including sulphates and fluorides in the water. This, it is felt, would endanger the complex ecosystem of the entire Sunderban area.

Dilip Roy Chowdhury, promoter of SFL and till recently sheriff of Calcutta and vice president of Reckitt Colman of India (and a non-executive director on the RCI board), dismisses such apprehensions and points out that more than 10 per cent of the total project cost, valued at Rs 1 crore is being spent on anti-pollution equipment. Needless to say, his optimism is not being shared by many. Dr R. N. Majumdar of the department of chemical technology, University College of Science, Calcutta, says that a zero pollution level for such a factory is almost impossible to achieve.

In order to manufacture SSP, rock phosphate would have to be reacted with sulphuric acid. A large quantity of hydrofluoric acid and a number of unknown impurities would be the byproduct of such a process and the leakage of poisonous gases

SITE FOR
SUNDARBAN
FERTILIZERS LIMITED
RAMKRISHNAPUR
DHOLA ROAD. 24 PARGANAS (SOUTH).

The proposed site: will SFL come up, regardless of the agitation?

would be inevitable, says Majumdar. Also in order to manufacture sulphuric acid, the sulphur would have to be treated through various stages, resulting in the formation of a large quantity of slag, and the effluent created in the process in all likelihood would include some radioactive elements.

Narayan Chakravarty, vice-chairman of SFI, is at pains to point out that though the name 'Sunderban' has been affixed to the fertiliser unit it is purely as an image boosting effort. The plant in reality is miles away from the real Sunderbans area, and therefore it need not necessarily affect the delicate ecosystem of the area.

CHIEF CONCERN

While it is true that the unit is 70 km away from the Sunderban Islands, the close proximity of the proposed plant site to the Satpukur Sluice Gate, from where the embankment of Sunderbans' integrated waterways begins, is the chief cause of concern to environmentalists. The Satpukur Sluice Gate is connected to a canal called Kanaibenkir Khal, which flows immediately next to the factory site.

Besides, the Sunderbans happen to shelter one of the largest mangrove forests in the world. If the factory does come up, argues Saumen Guha of the Forum, it could well give rise to a decay of the forests through the pollution of the air due to emission of sulphur dioxide and nitrogen oxide – both of which would be emitted, when the factory comes up, adds Guha. This is happening all over Europe. In addition to being a serious threat to the Sunderbans forest, the factory also would stand in close proximity to thickly populated villages.

According to Narayan Chakravarty, adequate steps would be taken to effectively deal with the hazards. A deep canal would be dug surrounding the entire land so that no discharge from the plant can escape and mingle with the waterways of the adjacent land, he says. Moreover, he claims that the use of the anti-pollution equipment will limit gas emission to less than 1 per cent, well below the international standard (of 2 per cent) and far lower than that stipulated by our own anti-pollution laws.

Neutralisation of the poluted discharge as SFL is planning to do is a standard process, counters Majumdar. The problem, according to him, is that the entire area being low lying and flood prone during the monsoons the flood waters would overflow into the contaminated water reservoir and thereby toxic water would mingle with the main Sunderbans water network

Meanwhile, Roy Chowdhury appears confident that the vital 'no objection' certificate will come from the environment department, and the factory will come up with the support of the Left Front government, which, he says, has made a definite commitment to buy up all SFL's produce. Dismissing the agitation as misinformed Roy Chowdhury claims that the movement has already subsided.

While the claim might turn out to be premature (the movement still enjoys considerable local support) it is true that Roy Chowdhury is getting the full support of the CPI(M) leadership. Though the movement at the grassroot level draws much strength from the presence of a good number of ruling party supporters, the local MLA has recently come out in full support of the plant and written to the State Pollution Board to that effect, despite the fact that he took an opposite stance during the 1987 by-election campaign.

The West Bengal Pollution Control Board under the Department of Forests and Environment is however yet to issue the no objection certificate. Officials of the Board are non-committal about the impact of the factory on the surrounding areas, and say that it is as yet too early to make any decision without a thorough investigation.

ALTERNATE SITE

Members of the Samity have gone a step further by appealing to the State Pollution Control Board to give them a hearing. Along with the group, about 90 villagers from 38 villages have already complained to the environment minister, Ambarish Mukherjee, urging him not to issue the no objection certificate on environmental grounds. Mukherjee claims that he has passed on the complaint to the State Pollution Control Board for investigation, and says that the technological experts from the department would screen the project thoroughly and a certificate would be issued only if the officials are satisfied. At the same time he makes it clear that the state govenrment will in no way deter industrial activity "on superficial ground".

In January, in a letter to the prime minister, the Samity suggested an alternative site — a dry river bed about 20 miles north west of the present spot, opposite Haldia on the eastern bank of the Hooghly. Such a relocation could be justified in view of the rules framed under the Environment (Protection) Act 1986, which lays down that in respect of certain industries which may be pollutant in nature, it would not be enough to merely install suitable or even very expensive pollution control equipment, but that the site and location of the project would have to be considered before converting the letter of intent into an industrial licence. A list of 20 industries has been drawn up, to which special attention is to be given, in which 'fertilisers' figures prominently.

Meanwhile, further progress on the project has been stalled by the absence of any confirmation regarding the complete purchase of the land by SFL. The company has managed to acquire around 40 per cent of the 120 bighas of required land. And unless the land is actually obtained, there is a strong possibility that the financial isntitutions would not sanction loans.

The people's resistance to the SFL factory shows that environmental awareness is no longer restricted to planting trees or cleaning up the Ganges. Industry is being increasingly seen as the single biggest threat to the environment in recent years, making it imperative for the government to carefully screen applications for industrial licences.

MADHUMITA MAJUMDAR

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MUNICIPAL FINANCE

Bankruptcy comes a-knocking

Cities that live beyond their means pose a problem that has yet to receive the full attention of our policymakers. On last count there are 555 cities with populations of more than 100,000 in the country, but their financial status has never been one of pressing concern — either to the decision makers or to the general public. In the last two decades, atleast four high powered government commissions have investigated the falling resource base of urban self-governing bodies in the country. But none of their findings and recommendations have so far had any visible effect on the working of the municipalities. If anything, financially, they are worse off than before.

A recent report by the National Institute of Urban Affairs (NIUA) reinforces this view. The Delhi-based government institute was assigned last year by the National Commission on Urbanisation to study the nature and dimension of the urban fiscal crisis in India. They studied the financial performance of 210 cities across a four year period — 1979-83. Their findings predict disaster for these urban centres.

Of the seven metro cities surveyed in the study, only Bombay continues to show a surplus in income over expenditure, thanks largely to its still prevailing octroi. Ahmedabad, which was a surplus city in 1979, has sunk into the red now. Of the rest, Madras's deficit rose by 18 per cent in the four year period, Pune's by 60 per cent and Delhi by a whopping 300 per cent.

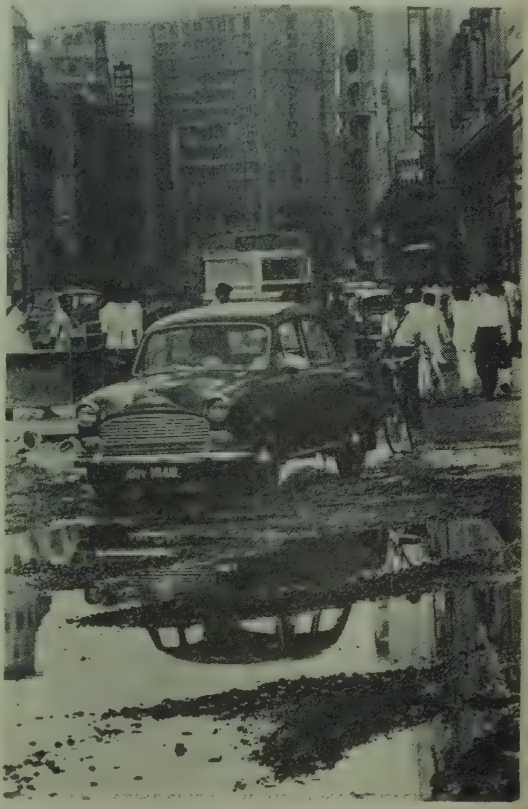
The smaller cities are in no way better off. Only 13 out of the 203 cities in this category — Srinagar, Solan, Rajpipla, Panvel, Bilimora, Ankleshwar, Surendranagar, Patan, Karad, Kalal, Jetpur, Thane and Kolhapur — have some surplus to bank upon. Six others — Howrah, Dhrangadhara, Morvi, Trichur, Kurseong and Tanakpur — which had surpluses four years ago are on the skids now. Says Om Prakash Mathur, director of the NIUA, in his introduction to the report, "The results of the study are disturbing. Short of saying that the municipalities are sick, almost every available expression has been used (in the report) to suggest that they have today a crisis unmatched in scale in the past." While municipal income rose by a mere 9.7 per cent in the four year study period, the expenditure shot up by a phenomenal 56.2 per cent.

Most municipalities are statutorily required to plan a surplus budget. The surplus amount stipulated varies from three months' establishment costs in case of some and one month for others. The total amount for the 210 cities surveyed was 31.7 per cent of their total income in 1979, which notionally was just about enough to meet their establishment costs for three months of the following financial year. But, by 1984, this amount had depleted to a bare 2.7 per cent of their annual income. According to the report, this confirms the widely held fear that the financially strapped municipalities are diverting their capital funds for routine maintenance activities.

A study of the growing disparity between the rise in income and spiralling expenditure is the best indicator of the worsening financial crisis of the urban bodies. The income of the metro cities grew by a mere 8.1 per cent in the four years, ie, less than 2 per cent annually. For the other cities, the figure varied between 9 and 16 per cent. In contrast, the increase in expenditure was gargantuan. For metros it was a phenomenal 61.9 per cent, and for the rest between 25 and 48 per cent. Says the report, "What it in effect shows is that the ordinary incomes during the reference period of the study did not increase fast enough to reduce the gap between the income and the level of expenditure required to maintain the services at minimum levels. It also suggests that the gap will continue to widen if the rate of growth in incomes is not stepped up, or alternatively if the expenditure norms are not brought down below the present levels."

One factor that has not been taken into account while calculating the above is the rising population. It grew faster than the corresponding rate of income increase in the reference period. So in reality the scenario is much worse than the balance sheets show. The per capita annual income of these cities shockingly declined in the four year period from Rs 128 to Rs 125. "Evidently," the report says, "the population growth and inflation that took place during the four year period neutralised whatever increase had taken place in the incomes." On the other side, the per capita expenditure rose from Rs 87 in 1979-80 to Rs 121.6 in 1983-84. These figures reflect directly the reasons behind the deteriorating quality of services provided by the urban bodies.

An analysis of the income pattern of these urban bodies indicate one of the main reasons behind their financial crisis: the falling contribution of taxes in the overall revenue kitty. The share of tax revenue in the annual income declined from 80 per cent in 1979-80 to 72 per cent in 1983-84. Even the proportion of grants and contributions from the state government declined marginally — from 16.1 to 15.3 per cent. But the income from non-taxable sources, like fees, fines, rents and sales, notched up an appreciable increase — 7.2 to 15.3 per cent. The report sees this as something to be lauded. "It constituted an extremely significant increase, reflecting a growing awareness among the municipalities towards enlargement of their revenue base on the one hand and thinning down of dependence on the more traditional sources of incomes on the other. It represents, in a sense, the only positive development at the municipal levels as far as their revenue structure is concerned."


Lack of civic resources aggravates urban blight

As for the contribution of individual heads to the total revenue, property tax and octroi maintained their status as the chief milch cows, constituting nearly 70 per cent of the incomes. And octroi maintained its predominant role among the two. Its contribution increased from 30 per cent in 1979-80 to 35.6 per cent in 1983-84. Says the report, "Despite the fact that it is viewed as an inherently bad tax, and that a decision in principle to abolish it seems to have been taken, its overall position in the tax structure of urban local bodies remains dominantly undisturbed. A little over one-third of the total incomes are now derived from octroi. It is evident that if it is abolished, it will cripple the financial viability of the urban local bodies."

Despite octroi's continuing dominance, however, it has been the increasing contribution of property tax to the total revenue that is more conspicuous. From 1979-80 to 1983-84 its share rose dramatically from 18.4 to 28.2 per cent, largely due to revaluation of properties done in many of the larger cities. Smaller municipal bodies, according to the report,

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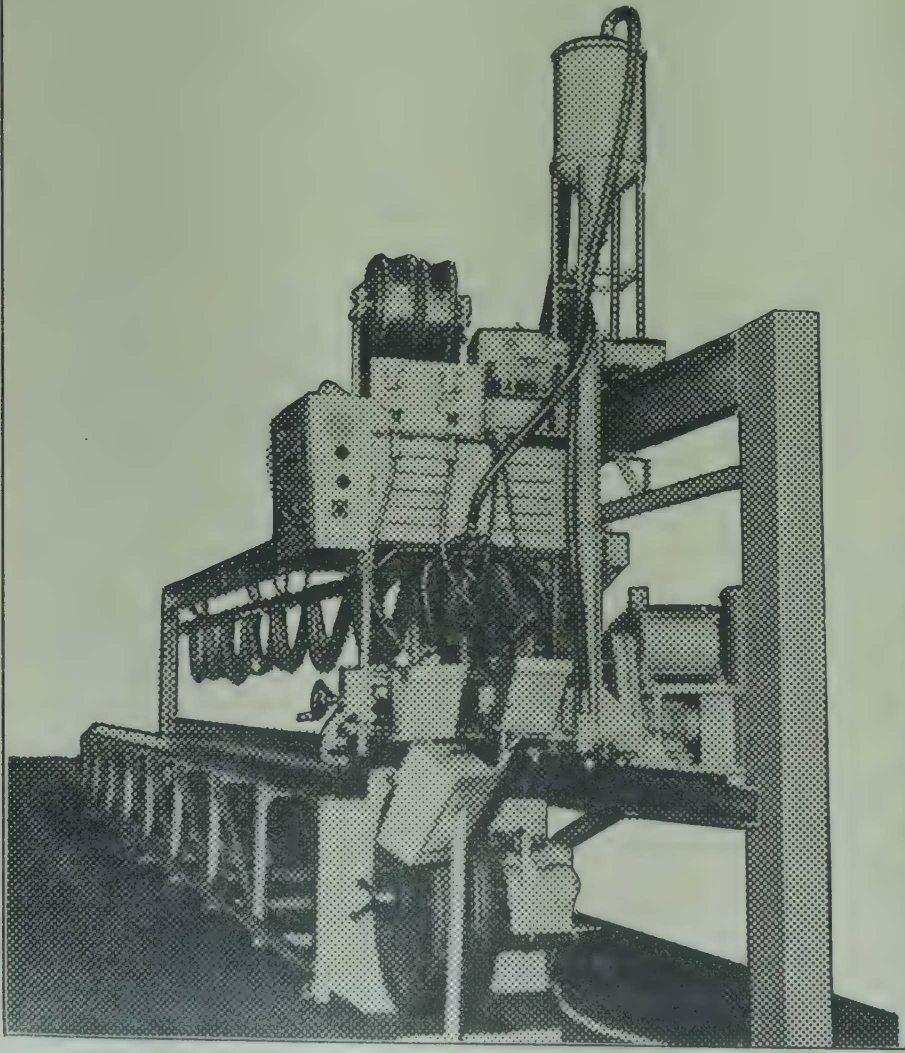

however have not been able to use this source effectively, either because of local pressures which do not permit them to undertake property valuation, or even raise the tax rates to the permissable limits, or due to total indifference to their own state of municipal finances.

A reverse phenomenon can be noticed in the expenditure pattern of these bodies. While the money spent on services like health and drainage either remained static or declined, the expenditure on establishment costs grew rapidly, which really is more proof of the deteriorating quality of municipal services over the years. Establishment costs, which is the money spent on general administration, shot up by as much as 104 per cent in the four year period, ie, by nearly 25 per cent a year. And though the expenditure on public health increased by nearly 144 per cent, the money spent on public works rose by only 5.8 per cent, on recreation by 9.9 per cent and that on public safety declined by 2.8 per cent.

"No relationship seems to exist between the cost of a service and its price, with the result that the potentials of the non-tax sources remain untapped. It is extremely relevant that the prices of various services are fixed in order to recover the costs"

"Almost every set of data presented in this study," says the report in conclusion, "indicates that the urban local bodies are in a financial mess, and are fast moving towards financial bankruptcy. They have accumulated in recent years massive liabilities and debts on various accounts — a fact which has thus far remained very obscure and outside of any study on municipal finances." The report points to the case of the urban local bodies in Gujarat. A recent state government study there indicated that the outstanding liabilities of its 58 corporations and municipalities in 1983-84 stood at Rs 18.82 crores, which was close to 8.6 per cent of the total municipal revenue that year. In the case of municipalities alone, that is excluding the corporations, liabilities accounted for 20.29 per cent of the revenues. In many cases these were as high as 60 to 70 per cent.

How do these urban bodies get out of this crisis? The report does not provide any detailed set of recommendations, probably because it was not called for, but it does provide some broad pointers. One recommendation is to review the entire mode of determining cost of services. During the course of its study, the report says, virtually no estimate was available of finding out what it costs to provide say 100,000 litres of water, or scavenging services. "Costs are fragmented," it says, "and charged to various accounts. Likewise, the collections by way of sale of a service are also made under various heads. In other words, no relationship seems to exist between the cost of a service and its price, with the result that the potentials of the non-tax sources remain untapped. It is extremely relevant that the prices of various services are fixed so as to be able to at least recover the costs, both capital and recurring, in order to prop up the revenues."

The second recommendation is for improving the efficiency of managing the financial resources of the urban bodies. The NIUA study on the management of urban services indicates that almost 33 per cent of the piped water leaks out of the system or remains unaccounted for. Almost the same percentage of solid wastes remains uncollected from the road-sides and garbage depots. "If these leakages and wastages are converted into money terms," the report states, "the financial losses would run into extraordinarily high figures. Could something not be done to minimise these losses, again in order to improve the finances of the urban local bodies?"

A third plea is for a review of the imbalance between the responsibilities of the urban local bodies and their powers to efficiently exercise those responsibilities. The report points out that the resource raising and resource sharing powers that they currently enjoy are grossly inadequate to do any justice to the responsibilities that they have at present. "It has often been argued," says the report, "that certain taxes such as entertainment tax, motor vehicles tax, stamp duty, etc, which are localised, should fall within the net of the urban local bodies. What is important, however, is to identify sources which would increase the overall pie, rather than merely transfer a revenue from the state to the local bodies."

Any reform of municipal finances, the report explains, has to take note of the fact that the demands of municipal services will grow exponentially in the years to come. And trends indicate that the number of people who will not be able to pay economic prices of various services will also increase, at least until the turn of the century. "Unless the municipalities can begin to take a fresh look at the existing resource-raising powers, and begin a systematic search for non-conventional sources of revenues," it concludes, "the chances that they will survive the increasing financial pressures seem bleak."

N. RADHAKRISHNAN

MSPI

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> **"Hydro power potential in the country is enormous. The day its full potential is exploited the power scenario would undergo a remarkable change... What is needed is a decisive approach and a push to implement all the hydroelectric projects that have been conceived."** — On Construction Industry

Friends:

It is with great pleasure and happiness that I welcome you all to this Annual General Meeting of Jaiprakash Industries Limited, which is the first after the public issue was made in November 1986.

THE YEAR 1986

Amalgamation

During the year, Jaiprakash Associates Private Limited, a leading civil engineering construction company, was amalgamated into your company and the name was changed to Jaiprakash Industries Limited. This was a deliberate decision, in view of the advantages that would flow both to the Cement Division and the Engineering Division. Being capital intensive, financial results of a million tonne capacity cement plant cannot be bright in the initial years. With the merger, the picture would undergo a distinct change. Further, with the enhancement of the capital base, the construction division will get more opportunities to participate in larger tenders in the field of construction both in India and abroad.

Operations

The year 1986 had been a year of trials and tribulations for your company. Major contracts which we indicated to you as being in the pipeline, did not fructify due to various reasons. Special attention and efforts were the need of the hour to commission your one million tonne capacity cement plant.

In 1986, your company completed the World Bank aided Karjan Dam 6 months ahead of schedule. Construction of blocks 1 to 20 in Sardar Sarovar Dam and two adit tunnels of Indira Sarovar (Bodhghat) Hydroelectric Project got completed. The progress of work on rockfill dams and link channels of Sardar Sarovar (Narmada) Project and at Visakhapatnam Steel Plant was satisfactory. Your company obtained the Rs. 100 crore Chamera Dam and allied jobs in Himachal Pradesh during the year. Abroad, your company completed the works of contract No. 123/124 in Baghdad. The work on Rs. 251 crore Basra Sewerage Project Stage III in Iraq had to be suspended due to war conditions and it will be resumed shortly. As you are aware, the cement plant was commissioned in November 1986 and commercial production started in December, 1986. **It is to the credit of the devoted team your company has in the cement plant, that they commissioned this plant in 27 months. This is the first time that a million tonne capacity cement plant has been commissioned in such a short period.**

Financial results

The Accounts, Directors' Report and Auditors' Report for the year 1986 are already with you and you would have noted the successful performance and growth achieved by the Company in the year 1986. **You would have also noted that the accounts for the year 1986 show a net profit of Rs. 14.26 crores (after transfer to Investment Allowance Reserve and after making provision for taxation).** However, no dividend has been proposed. I would like to share my thoughts with you on this matter. **Your Directors have taken into account the fact that the allotment for the Public Issue was made on 30th December, 1986 and, therefore, any declaration of dividend for 1986 would not have been worthwhile for the shareholders who have subscribed to the said Public Issue.** Since the Cement Plant is a highly capital intensive project, the depreciation and interest charges in the initial period are bound to be heavy. I am glad to say that your Cement Plant was not only commissioned in a record period of 27 months but will also reach optimum production level in a comparatively shorter period than normally required in such plants. Until then, it needs support. Major projects in the Engineering Division got completed in 1986 but new projects for which tenders were submitted and your company had qualified long ago, took considerable time to be awarded. It is only recently that these new jobs were awarded. By the very nature of such projects, these have a long mobilisation period before they start generating surplus. Because of the satisfactory working of the Cement Plant and an excellent position of new contracts already awarded, your company is in a confident position for the future.

THE YEAR 1987

Engineering Division

The year 1987 started on an extremely positive note. Rs. 520 crores worth of new jobs, namely the World Bank aided Sardar Sarovar (Narmada) Dam. The World Bank aided Underground River Bed Power House of the same project and the Lakhwar and Vyasi Dams were awarded to your company. This was between April and July, 1987. Thus, today your Engineering Division has secured orders worth Rs. 943 crores which will take at least 6/7 years for completion.

With the thrust in development projects, your company can expect a reasonable share from them in the coming years. Your company is seriously considering technological tie-ups in advanced and sophisticated technologies of construction with a view to enlarge the scope of activity and to maintain its prime position in the field of Civil Engineering.

Cement Division

The cement plant has been in production since December, 1986. In the last three months, the cement plant

"The country cannot easily forget the cement scarcity phase it underwent. It should remain as a bad dream and should not be allowed to recur." — On Cement Industry

Speech of Shri Jaiprakash Gaur, Chairman-cum-Managing Director, at the 4th Annual General Meeting held on 31.8.87.

has achieved 72% of capacity. It is with great satisfaction I announce that the cement plant will in August achieve a capacity utilisation of 95%, in cement. I congratulate the team of the Cement Division for the excellent job they are doing. The quality of **SUPERPLUS JAYPEE CEMENT** is very good and has been received well. It is one of the top brands in the market.

LOOKING INTO THE FUTURE

Construction Industry

In view of your company's specialisation in hydroelectric and river valley projects I want to share with you some of my thoughts on the future of this facet of Indian construction industry. The advantages of hydropower are too well known to be recounted. Its potential in the country is enormous. The day its full potential is exploited the power scenario would undergo a remarkable change. Necessary investigations have been carried out and the potential hydropower projects have been identified. Today, with the improved knowledge of geology and modern methods of construction, implementation can be faster and hence investment can be lower. What is needed is a decisive approach and a push to implement all the hydro-electric projects that have been conceived. This would pay for itself in the long run and the country would benefit immensely.

Cement Industry

Contrary to the firm belief that 100 million tonnes of cement would be needed by the turn of the century there are lurking doubts in the minds of entrepreneurs to invest further in the cement industry. This arises from the marginal surplus situation prevailing today and the lack of 12% post tax return promised to the cement industry in September 1977. Thrust in the development projects would obviously increase the demand for cement. Concerted effort to reach self-sufficiency in housing would also trigger the cement demand but here the Government has to take a conscious decision to adopt system housing technologies like low cost prefab structures. Simultaneously Urban Land Ceiling Act and the Rent Control Act would need to be given a second look to ensure adequate incentive to entrepreneurs and professional house builders to go in for massive housing programmes, and at the same time without sacrificing the spirit with which these enactments were made. Coming to the reasonable return on investment in cement industry, a number of representations have been made by the Cement Manufacturers' Association and it is hoped that the Government will take cognisance of the same and take the much needed corrective measures to ensure continued and unabated investment in the industry. The country cannot easily forget the cement scarcity phase it underwent. It should remain as a bad dream and should not be allowed to recur.

COMMITMENT

On this momentous occasion and in the 40th year of independence, I assure every one of you that your company will, at every given opportunity, true to its motto, 'Commitment to Nation Building', contribute its mite towards nation building. Fortunately, your company, by virtue of its activities, has more such opportunities. This will be the guiding spirit of your company in the years to come and its way of paying homage to the millions of our countrymen who sacrificed everything for the country's political and economic independence.

ACKNOWLEDGEMENTS

Before I conclude, on behalf of the Directors on the Board and myself, I express my grateful thanks for the cooperation and assistance extended to us by all the concerned agencies of the Governments of India, Madhya Pradesh, Uttar Pradesh, Gujarat and Himachal Pradesh, Financial Institutions, Banks, National Hydroelectric Power Corporation and Visakhapatnam Steel Project but for which, our achievement would not have been possible. I also acknowledge the enormous contribution made by equipment suppliers, consultants and other agencies who rose to the occasion in commissioning the cement plant. Thanks are also due to the investing public for the confidence reposed in us. The company's performance is totally dependent upon the team of executives and workmen the company possesses. Your company has been very fortunate to have a committed and devoted team in both the divisions. I compliment them for the very good job being done by them. Finally, my special thanks to all of you who have made this meeting meaningful by your presence. In conclusion, I extend to every member of the Jaiprakash Industries family my very best wishes for a happy and prosperous future.

Lucknow
31st August,1987

JI

JAIPRAKASH
INDUSTRIES LIMITED

This does not purport to be a report of the proceedings of the 4th Annual General Meeting.

LINTAS (DELHI) JIL 44

Crude oil supply

No cause for alarm

In recent weeks, the irreconcilable positions taken by the United States and Iran have raised fears that a fresh crisis may erupt over crude oil supplies. In fact, there is every possibility that the area of conflict may extend to Saudi Arabia and Kuwait as well. With a number of countries now deploying their ships in the Gulf, actual hostilities between the two sides cannot be ruled out.

Reflecting this concern, oil prices in the international market at the beginning of August rose as high as $23 per barrel before dropping to $20 per barrel. Despite this fall, experts monitoring the international oil scene have said that oil prices in the course of the next six months or so can rise to $30 per barrel in case the passage of oil through the Strait of Hormuz comes to a stop. If the prices do ultimately rise to this level, it will mark a significant recovery from the low levels to which they had fallen at the beginning of July 1986. However, before we assess the prospects for such an eventuality, it would be worthwhile to look back and see how the clout of the OPEC countries has dwindled over the years.

DRASTIC CHANGE

At the beginning of 1981, when the crude oil price peaked at $36 per barrel as against the benchmark price of $12 per barrel at the beginning of 1974, OPEC supplied almost 60 per cent of the internationally traded oil. Since then, the scene has changed drastically, to the disadvantage of the oil exporting countries, with demand falling under the pressure of the 1982 economic recession and depressing oil prices. The decline in prices, however, was modest, cumulatively placed at $9 per barrel or 25 per cent in nominal dollar value during the five year period ended November 1985.

However, after that, as the OPEC members pressed ahead to increase production, oil prices in the international market fell to $9.80 per barrel towards the end of June 1986. Thus, in nominal dollar value, the crude prices then stood 73 per cent lower compared with the early 1981 peak level and 65 per cent lower compared with the November 1985 price of $27 per barrel.

Given that crude oil alone accounts for 90 to 97 per cent of the export earnings of most OPEC countries, the damage done by the fall in oil prices to the external sectors of these countries' economies was substantial. (The two main factors responsible for OPEC's decline in the international oil market were higher production outside OPEC and conservation and substitution methods developed in the industrial countries.) As against a share of almost 60 per cent in total supplies in 1979, OPEC accounted for only 41 per cent of the international market in 1986. Its share fell further to 37.7 per cent in the first quarter of 1987 before showing a modest rise to 39 per cent in the second quarter of 1987.

Such a large reduction in its share, leading to lower export earnings, naturally had a disastrous impact on the total economic activity within these countries. Thus, total oil export earnings of the 13-member OPEC group declined from the high figure of $264 billion in 1981 to $136 billion in 1985 and just $83 billion in 1986. The level of export earnings in 1986 marked a decline of 62 per cent over the 1981 export earnings. Among the OPEC countries, the four Arabian peninsula countries (Saudi Arabia, Kuwait, Qatar and the UAE) suffered much higher losses than the other nine OPEC countries taken together. The export earnings of the four Arabian peninsula countries declined from $150 billion to $51 billion in 1985 and further to $37 billion in 1986. While the overall decline between 1981 and 1986 in value terms was $113 billion, in percentage the reduction was 75.

In the case of the other nine countries (Iran, Iraq, Algeria, Libya, Nigeria, Gabon, Indonesia, Venezuela and Ecuador), export earnings declined from $104 billion in 1981 to $85 billion in 1985 and more steeply to $47 billion in 1986. Thus, while the nine countries lost $58 billion in export income, the percentage wise loss was 56.

In view of the reduced export earnings, OPEC members were compelled to cut back on their imports (of goods and services) also — from $113 billion in 1981 to $570 billion in 1986 for the four Arabian peninsula countries and from $148 billion to $84 billion for the other nine. For all the 13 countries taken together, the reduction in import value during the period 1981 to 1986 totalled $107 billion.

EXPORT EARNINGS

With total export earnings from crude (which, as noted earlier, form the bulk of OPEC's export earnings) declining by $181 billion as against the much smaller cutback of $107 billion in imports, the current account position of OPEC deteriorated sharply. According to data compiled by World Financial Markets of Morgan Guaranty of New York, the current account balance from a plus figure of $100 billion in 1980, shrank to a surplus of $44 billion in 1981. By the end of 1985, OPEC had a small surplus of only $6 billion and in 1986 it ran a huge deficit of $33 billion.

Massive reductions in their export earnings forced these countries to make substantial cutbacks in developmental activity. It was obvious that if the export situation continued to deteriorate, most OPEC countries would teeter on the brink of a financial crisis. In trying to improve their financial position, they usually first reduce overall production and then try to push prices upward. Thus, in the second half of 1986, they cut production by 20 per cent and in the first half of 1987 by another seven per cent. The overall production ceiling, which was fixed at 15.8 million barrels per day for the second half of 1986, was increased to 16.6 million barrels per day for the first half of 1987. Of course, this production ceiling excluded Iraq's oil production.

In the second half of 1986, OPEC also decided to give up trading oil on a spot price basis and reverted once again to fixed prices. They fixed the new price at $18 per barrel as a result of which the average price for 1986 worked out to $15 per barrel — that is, $12 per barrel lower than the price prevailing at the end of November 1985.

INVENTORY DEMAND

To a large extent, OPEC succeeded in holding the price at $18 per barrel during the second half of 1986 and the first half of 1987. Strict production discipline and a slight increase in consumption demand as well as inventory demand from the OECD countries largely helped to maintain the price line. Total demand during 1986 from the OECD countries (and largely from the US) rose by slightly more than two million barrels a day.

In mid-1987, the international oil scene was quiet. There was nothing to indicate that a crisis was brewing. Suddenly, Iran became more belligerent towards Kuwait and Saudi Arabia. After hundreds of people, mostly Iranians, died in Mecca because of the alleged disturbances created by Iranian pilgrims, Iran's stand hardened. The announcement of Iran's naval exercises increased the danger to Kuwaiti ships. With the US announcing its decision to escort reflagged Kuwaiti ships and Iran insisting that it would attack Kuwaiti oil tankers, the international oil market suddenly became more active. As a result, the price of crude in the international market started inching upward and as actual hostilities looked likely, the price shot up to almost $23 per barrel at the beginning of August 1987. This led to an urgent assessment about what would happen if war between the two countries really broke out and halted the passage of Arabian, Iranian and Iraqi crude.

Surveying the oil scene, an official of the International Energy Agency (IEA) noted, "Should events worsen, leading to a dramatic run-up in prices, this is bound to have a harmful effect on OECD economies which still have a great dependence on the Gulf region for supplies." Similarly, Henri Pradier, chairman of Shell France, the French subsidiary of the Anglo-Dutch oil group, also expressed his anxiety that prices could rise to as much as $30 a barrel if tensions continued to mount in the Gulf region.

An increase in crude prices will have an adverse impact on oil importing countries. The oil import bill for these countries, whether developed or developing, will move up significantly, thus putting further pressure on their external deficits. This will make the position of a large number of countries, which are debtors to commercial banks and western governments, still more difficult. Besides, an increase in the price of crude will mean that the cost of production of all manufactured goods for which crude happens to be the feedstock will go up. This will further weaken the position of the developing countries dependent upon imported crude and imported manufactured goods. Even in the industrial countries, the rising prices of oil will mean a lower level of economic activity which can cause a recession in several countries. Any increase in the level of economic activity within OPEC because of higher export earnings will be too small to neutralise the adverse effect of the lower economic growth rate and imbalanced trade position in the oil importing countries.

MITIGATING FACTORS

Though this extreme scenario cannot be ruled out, especially if war really breaks out and halts the passage of crude oil through the Strait of Hormuz, many believe that there is no immediate threat. In support of this belief, they mention several mitigating factors in the current oil market situation which have placed the consuming countries in a far better position to face a new oil crisis than they were during the earlier two crises of 1973 and 1979. These factors are:

- Substantial unused production capacity outside the Gulf countries — Mexico, Indonesia, Venezuela and Nigeria.
- Larger unused capacity in the Gulf region, especially in Saudi Arabia.
- Large quantities of additional crude oil stored outside the OECD area and in floating storages.
- Availability of additional excess capacity in Saudi Arabia and Iraq which can be pumped through pipelines to the Red Sea and the Mediterranean.
- Emergency stocks with western governments which, according to the IEA, total more than 90 days of consumption.

In addition to these mitigating factors, several countries within OPEC are in a way helping the consuming nations with lower prices by producing more than the ceiling in recent weeks. According to IEA, total production within OPEC during the first half of 1987 totalled more than 19.7 million barrels a day as against the combined demand for OPEC oil at 18 million barrels a day. Thus, more than one million barrels a day are being currently produced in excess of the demand. This naturally increases the supply and hence depresses the prices. With most Gulf countries needing more cash either to purchase military hardware (like Iran and Iraq) or to finance urgently needed imports, it is becoming increasingly difficult for OPEC to impose discipline on its members. According to current assessments, all OPEC members with the possible exception of Saudi Arabia are producing well above their ceiling levels.

EMERGENCY SITUATION

Therefore, the emergency situation visualised by IEA can materialise only if two conditions are simultaneously met. First, war actually breaks out, resulting in the complete stoppage of the passage of oil through the Gulf and the Saudi and Iraqi additional pipeline facilities are seriously damaged. Second, OPEC members outside the Gulf do not produce more and the increased supplies from non-OPEC countries fail to match the cutback in supplies from the countries involved in the war.

It is difficult to imagine the above conditions being met in the present state of affairs. Despite its threats, Iran has not so far taken any step to get involved in hostilities with the US. While anything can happen, the immediate perception is that such a crisis is not imminent.

According to ministry of commerce sources, India saved more than Rs 1,500 crores in the trade balance during 1986-87 because of the lower prices of crude in the international market. During that period, India imported 16.1 million tonnes of oil valued at Rs 2,294 crores as against 23.5 million tonnes valued at Rs 5,250 crores in 1980-81. Preliminary estimates for 1987-88 place net imports at 20 million tonnes of oil and petroleum products. Because of the increase in prices, the import bill on account of crude and petroleum products during 1987-88 is expected to be Rs 4,000 crores. While the average price during 1986-87 was $14 a barrel, this year the price is expected to be $18 a barrel. Though a substantial part of crude oil for 1987-88 has already been contracted from the USSR, Iraq, and Saudi Arabia, India is expected to buy a significant quantity from the spot market. Therefore, in the event of oil prices rising still further, the total cost of oil bought from the spot market is expected to be much higher. As a result, India's total bill for crude and petroleum products will increase, resulting in a higher trade deficit for 1987-88. This will make India's balance of payments position even more difficult.

K.G.M.

Corporate Affairs

Texaco

Australian bid

Texaco, the giant US oil company, is fighting for survival in the bankruptcy court following the $11 billion damages award given against it in favour of Pennzoil, a rival oil company, for illegally interfering with the latter's agreement to buy Getty Oil Company in 1984. Into the fray has arrived the Australian entrepreneur Robert Holmes a'Court who has made a fortune through buying up undervalued companies. a'Court obviously has faith in the future of Texaco and has already spent $600 million in buying around 10 per cent of Texaco's equity. Texaco's share price has moved sharply upwards after the news of a'Court's purchases.

Van Heusen

Hunt offer

The Hunt family of Texas, which hit the headlines a decade ago as a result of their massive silver cornering operation, is in the news again, this time in connection with Van Heusen, the shirt making group. The shirt manufacturer has received a $322 million takeover bid from the Hunt family through their controlled company, Rosewood International. Rosewood has been building up a stake in Van Heusen for the past two years and now controls 20 per cent of the shirt company.

Sheaffer Pens

Sale by Texstron

Texstron of USA is selling off its Sheaffer Pen Division to Gefinor Investment, a Luxembourg based financial group. Besides Gefinor's corporate purchases, part of Sheaffer's shares may be taken up by Gefinor's banking clients and also by Sheaffer's existing management. The transaction has been valued at $ 135 million.

Asea

Merger with Brown Boveri

Two giants of the heavy electrical industry, namely Asea of Sweden and Brown Boveri of Switzerland, have announced that they will be merging their operations in what will certainly be Europe's biggest ever transnational merger. The joint company will be far larger in heavy electrical engineering than it's nearest competitors, Seimens, Hitachi and General Electric. The new combined Asea Brown Boveri will have a turnover of £10 billion and a capital value of £3 billion.

Skoda

Japanese tie-up

For the past decade the automobile industry in North America and Western Europe has been dominated by Japanese companies. Now they are also making inroads into Eastern Europe. Skoda of Czechoslovakia is negotiating with Nissan and Isuzu for technology to produce fuel saving and non-polluting engines. The new Skoda model will also involve an Italian body design and technical input from Porsche.

Goodyear

Oil division to go to Exxon

Last year, the leading US manufacturer of tyres, Goodyear, was able to fight off a takeover bid from Sir James Goldsmith, the English financer. However, the cost of the fight landed Goodyear in heavy debt. To repay these outstandings, the company has entered into an agreement with Exxon, the worlds' largest oil producer, to sell Goodyears' Celeron oil division to Exxon at a price of $650 million. The Celeron division owns oil producing properties in California with estimated reserves of 100 million barrels.

DAF

Production hike at Leyland

Within three months of taking over the Leyland truck factories in the UK, DAF, the Dutch truck manufacturer, has already planned substantial enhancement of the UK production facility. At the time DAF took over Leyland trucks, Leyland was losing £1 million per week. However, after the takeover, DAF expects a net profit of around £10 million per annum.

Sumitomo Bank

President resigns

Close on the heels of the resignation of the chairman and president of Toshiba, comes another resignation at the top of Japan's business hierarchy. K. Komatsu, president of Sumitomo Bank, has stepped down recently following disagreements over Sumitomo's expansionist management policy. While this policy has increased the bank size it has, as a consequence, lost its status as Japan's most profitable bank. Critics doubt whether Sumitomo's recent $500 million investment in Goldman Sachs, the US merchant bank, will yield a worthwhile return in view of the several restrictions put on the operation by the US Federal Reserve Board.

Woodwick Building Society

Tax refund refused

The UK tax authorities have created a furore by refusing to refund £57 million of tax overpaid by the Woodwick Building Society, inspite of a British High Court order to make the refund within two weeks. The tax authorities have stated that they will make the refund only if Woodwick gave an undertaking to pay the tax back along with interest if the tax authorities successfully appealed against the High Court judgement. The High Court judgement is also likely to be overturned by a retrospective amendment of the 1986 UK Finance Act.

Morgan Grenfell

Battle for control

Morgan Grenfell, the reputed British Merchant Bank, has become a bone of contention for three parties. In the fray is Hanson Trust, the UK conglomerate, which recently took Imperial Tobacco over. Another contender is Australian takeover entrepreneur Robert Holmes a'Court, who has also built up a stake in rival merchant bank Hill Samuel. Alan Bond is the third contender for Morgan Grenfell. The shares of Morgan Grenfell have suffered a steep decline following its' involvement in the takeover scandal of Guinness. As a consequence some top management personnel of Morgan Grenfell have left.

General Motors

Problems in FRG

Roger Smith, chairman of General Motors, manufacturer of cars like Cadillac, Chevrolet, Pontiac and Dodge, may face criminal investigation in West Germany. The problem arises from the 1981 sale of General Motors' Terex earth moving machinery subsidiary. Terex was purchased by IBH of Germany in which General Motors made equity investments only part of which was paid for in cash. Allegedly, the bulk of this money flowed back to General Motors under different heads. IBH has since gone into liquidation. The transaction could possibly be illegal under German law and the investigation of Smith is in connection with his role in the affair.

Lazard Brothers

Top payers

In comparing top salaries, Chrysler chairman, Lee Iacocca, is considered the world's highest paid corporate executive with a 1986 remuneration of $20 million. However, figures recently published in the *Financial World* show that Michael David Weill, senior partner of Lazard Brothers, the investment bank, earned a massive $125 million last year. He is not alone in this exalted position. George Soros of Quantum Fund earned $100 million and Richard Dennis, a commodity trader from Chicago earned $80 million. In sharp contrast, Sir John Harvey Jones,former chairman of ICI, has taken on a post retirement job as chairman of a UK financial services company at a salary of £25,000 per annum.

Thorn EMI

French sale

The last remaining British television manufacturer is passing into foreign hands. Thorn EMI of UK has announced the sale of its Ferguson television subsidiary to Thompson, the French state owned electronics company. Ferguson makes about one million TV sets per annum, partly under its own label and partly in association with JVC of Japan. The balance of the UK market is dominated by Japanese companies, except for Fidelity, which is now owned by Swraj Paul. With the purchase of Ferguson, Thompson's becomes the second largest consumer electronics company in western Europe after Philips of Holland. Last year Thompson had sales of £2.5 billion, which is expected to increase to £3 billion with the purchase of Ferguson.

Standard Chartered Bank

Pulling out of SA

Standard Chartered Bank has announced that it is selling off its 39 per cent holding in its South African operations. The Standard Chartered associate in South Africa is the largest bank in that country and is the last foreign controlled bank. It is expected that a substantial part of the stake being sold by Standard Chartered will be taken up by Liberty Life Insurance Company of South Africa and Rembrandt, the South Africa based liquor and tobacco conglomerate.

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Foreign Exchange

A repeat (non) performance

On 14 August the US reported its second largest trade deficit of $15.71 bn for June. On that news the dollar fell across the board within a few days, from 1.90 to 1.80 against the deutsche mark and from 152 to 141 against the yen. It also registered sharp falls against other major currencies.

It stabilised thereafter under intense bear-pressure, keenly awaiting US trade data for July. The markets were kept on the leash by a quarter per cent rise in the official discount rate and the US prime rate. However the sentiment was so overwhelmingly bearish that most operators characterised the rise in discount rate as insufficient to stem the negative sentiment for the dollar and were predicting a worse deficit figure for July.

With the dollar supported by the threat of the central banks' intervention, US treasury bonds took the brunt of the attack. The price of the 30-year long bond fell, sometimes by a full one point in each trading day, pushing the yields higher and higher. The long bond broke the 9 per cent yield barrier with ease and soon reached the 9.5 per cent yield mark. Six month Eurodollar interest rates moved up by over half per cent. Some analysts started forecasting a July trade deficit of a horrendous US $20 bn and the stage was set for a further assault on the dollar as the only consequence of the persistent trade problem of the US.

It did not touch that figure, but when trade data for July was announced on 11 September, it showed the highest ever trade deficit of $16.47 bn in US history. Just before the announcement of the data the dollar was quoted at 1.8050 against the deutsche mark, 142.90 against the yen and 1.6460 against the pound. The actual figures confirmed the market's anticipation and pushed the dollar to DM 1.7875, Yen 140.90 and £1.6590.

However, to the surprise of most people, after the initial selling flurry, the dollar actually closed at slightly higher levels than those seen just before the announcement of the data. Strange are the ways of the foreign exchange markets. And there are always several explanations available. Weekend position squaring, bargain hunting, better figures than the worst expectations, fear of central banks, etc etc. Whatever the explanations, a trade deficit of $16.47 is by no means a good figure and is bound to take its toll if the countervailing factors are not strong enough. So lets first take a closer look at the trade data.

Imports rose in July by 1.8 per cent from June levels to $37.48 bn from $36.48 bn; exports fell by 0.6 per cent to $21.01 bn from $21.13 bn. In July the oil import bill increased both because of increased volume of import and higher oil price. Without the increased oil import bill the deficit would have remained more or less the same as that in June.

Primary products are the first to react to exchange rates. Agricultural trade posted a surplus of $535 mn in July compared to a surplus of $105 mn in June. What has caused the most serious concern is that manufactured exports fell and the deficit on manufactured goods rose to $14.47 bn in July from $13.83 bn in June. The deficit with Japan fell to $5.07 bn from $5.35 bn in June.

Thus it will be seen that the trade picture holds out no promise. It is true that in volume terms exports are rising. But the fall in the dollar doesn't measure up the rise in export volume. Imports are steady but look larger because of the low value of the currency. All said and done, the fact remains that the rest of the world holds surplus dollars, which it must sell unless it can find some other outlets.

The US economy is otherwise doing quite well. GNP averaged over 3 per cent in the first half of 1987 compared with the dismal performance of many European countries and Japan. However it is the relatively strong growth in the US which is increasing imports. Apart from trade barriers — the last resort of the biggest free economy — other alternatives to remedy trade balance are not very pleasant. Americans continue to spend money on imported consumables and one way to dissuade them would be to make their money costlier by raising interest rates and make the imported goods expensive by dropping the exchange value of the dollar.

New York closing rates against dollar

	August 28	September 11
DM	1.8115	1.8075
Stg	1.6325	1.6435
Yen	141.90	143.90
Swt	149.30	1.4975

Expected range of rupee during second half September

Currency	1 Sept range	6 mnth forward
US $	7.68-7.75	4 to 7 cents prem
L	4.66-4.71	100 to 300 disc.
DM	14.00-14.15	30 to 40 pf prem
Yen	1110-1130	25-35 yen prem

These are not easy choices because neither can guarantee the desired result. This is the second year running after the dollar's decline began that we are seeing a record trade deficit. With elections approaching the administration would be unwilling to displease consumers. But a way must be found if protectionism is not to hold sway.

The FED's decision to raise discount on 4 September by 0.5 per cent even before the trade figures were announced shows that the authorities are averse to a further decline of the dollar and they seem to be confident of controlling inflation. Without the rate hike the dollar could have plummeted. The markets realise now that a further hike cannot be ruled out if the dollar does not behave.

Japan's trade figures for August caused another pleasant surprise and should support the dollar in the near future. Japan showed a 40 per cent drop in its trade surplus from the level a year ago. Japan's surplus with the US dropped to $3.73 bn in August from $4.79 bn in July. While Japan's trade undergoes change, the effects can be seen in the US directly or indirectly. Japan's imports are increasing rapidly and could serve to divert some of its exports going into the US.

The yen is losing some of its gloss as many investors are getting the jitters over their holdings of Japanese corporate bonds and shares. Many Japanese corporations, to seek some relief from the appreciating yen, took to speculation in the financial markets to earn a few bucks which were lost in trade. Tateho Chemicals — a large Japanese chemicals company, reported a $14 bn loss in bond trading over the year. Investors fear more such disclosures. This, coupled with the Japanese trade news, leaves little room for yen appreciation (if at all) but leaves a strong possibiity of a weaker yen against all currencies.

It is reported that Japan's increased imports are not from the US but from the neighbouring countries of South East Asia. Policy makers in the US are likely to dislike this aspect of the drop in Japanese trade surplus. Now the market is keenly watching for official reactions from the US to the bad trade news.

However, most analysts and economists are agreed on one thing. And that is that the lower dollar with higher interest rates is not at all a satisfactory solution to US trade woes.

The Indian rupee has been significantly resilient and has fared reasonably well despite sharp appreciation of currencies against the dollar during the last month. This perhaps can be attributed to the increase in Indian exports, reported in the first quarter of fiscal 1987-88. The rupee is expected to remain steady in the near future as a result.

A DEALER

Corporate Monitor

Bombay Dyeing

Better market conditions for textiles together with improved DMT sales allows for profit; qualifications in the auditors' report; current prospects not unpromising, but medium-term future depends on DMT division

Bombay Dyeing's report for the 18 months ended 31 March 1987, released last week, shows a pre-tax profit of Rs 9.34 crores on a turnover of Rs 330.46 crores. With a nil tax provision, the company has been able to declare a dividend of 22 pert cent for the 18 month period, and the payout will involve Rs 2.47 crores.

For the time being, the company seems to have weathered the crisis that beset it mid-last year. Chiefly, improved operations of the DMT plant allowed the company a much-needed reprieve. Also, the textiles market was favourable, and the division, which accounted for two-thirds of total sales during the period, and allowed for a tidy profit while the DMT division may just have broken even.

However, there is a string of qualifications by auditors in their report. There is the matter of single-shift depreciation on the textiles division, which may have decreased the depreciation charge for the period by Rs 3.66 crores. There has been no provision made for income tax demands of earlier years (Rs 92 lakhs), nor against possible diminution of value in the company's Rs 1.59 crore investment in an Indonesian company which has incurred substantial losses. The total negative impact of all these items on the company's stated bottom line figure of Rs 9.34 crores would have been in excess of Rs 4 crores.

(Rs crores)

	18 months to 31.3.87	Year ended 30.9.85
Sales & other income	330.46	149.23
Operating profit	51.08	12.01
Interest	24.49	5.70
Depreciation	17.25	3.05
Pre-tax profit	9.34	3.26
Tax	—	0.50
Net profit	9.34	2.76
Equity capital	11.24	11.24
Reserves	40.01	31.71
Loans	149.39	144.72
Net fixed assets	173.84	112.42
Expenditure pending allocation	—	54.69
Investments	2.25	2.29
Net current assets	24.55	18.27
EPS (%)	55.39	20.10
Dividend (%)	22.00	7.00
Market price (Rs)		
Current	90.00	
1987: High	143.00	
Low	40.50	

Moreover, the company has capitalised the cost of the DMT plant in its account with effect from 31 March 1986, in keeping with the "legal advice received from eminent counsel" (according to the directors). The moot point here is the determination of the cut-off date for the plant's starting "commercial production". The plant had actually been operational for at least a year before March 1986, and had produced about 12,000 tonnes of DMT in these 12 months against a rated capacity of 60,000 tonnes.

The operating expenses of the plant, netted off against sales, have therefore been added on to the final figure capitalised in the accounts, together with interest charge on loans upto that date. The final cost of the DMT plant would be about Rs 130-odd crores, against an original estimate (about four to five years ago) of Rs 68 crores.

Despite the higher selling prices obtained for DMT (currently at Rs 21,000 per tonne), this cost escalation would probably mean a higher breakeven level for the DMT plant. The company maintains that the breakeven is 60 per cent, but enquiries reveal that it may be safer to assume a figure nearer to 70.

In the latter part of 1986 as well as the last six months of 1987, the DMT plant has been operating at higher than 100 per cent capacity utilisation, and there has been sufficient market demand. This situation is unlikely to change overnight, and the company certainly has a respite till market competition warms up — which will depend on how soon Reliance actually commissions its PTA plant and makes an aggressive entry into the market. Reliance of course has enough difficulties of its own, and the respite being enjoyed by Bombay Dyeing could well last (according to current indications) till the second quarter of next year.

Moreover, Bombay Dyeing's textiles operations are on an even keel. More new Sulzer looms have been installed during the 18 month period under review, at a cost of Rs 15 crores. There is sufficient brand loyalty for the company's products, and exports are doing well. The company's export sales for these 18 months exceeded Rs 37 crores. However, the bottom line for the current year ending 31 March, 1987, is unlikely to show any dramatic improvement, since the interest charge on loan funds is expected to be in the region of Rs 20-odd crores, against the 18-month interest figure of Rs 24 crores.

Also, much depends on the levels of plant utilisation of the DMT division. Since the breakeven level is high, if there is any significant slippage from the current levels of high capacity utilisation, the company remains in danger of facing a cash crunch in loan repayments, as well as a major erosion in profits.

Tata Power

Excellent profits; work on the 500 MW Unit 6 commenced; company provides help in efforts to revive NELCO.

The Tata Power Co Ltd has reported exceptionally good results for the year ended 31 March 1987. Together with the Andhra Valley Power Supply Co Ltd, and the Tata Hydro-Electric Power Supply Co Ltd, Tata Power functions as part of a grid, and their operations are coordinated by a common agency. The system serves an area of more than 1,000 square miles in the Bombay-Pune region.

The Tata Electric Companys' total power generation increased by 11 per cent to 5,779 million units (MU) (previous year: 5,216 MU). In fact the highest generation achieved was in 1984-85, when it reached 6,051 MU. The purchase of power from the Maharashtra State Electricity Board (MSEB) was 2,133 MU (2,430 MU). The purchases from MSEB were lowest in 1984-85 when they were only 1,208 MU. After including 2,232 MU wheeled for MSEB, the total system output was 10,144 MU (9,895 MU). Total energy sold (excluding wheeled power) was 7,270 MU (7,069 MU).

The revenue of Tata Power increased by Rs 69.68 crores to Rs 330.90 crores. This increase was mainly due to the sharp upward revision of tariff rates effective 1 February 1986. The operating profit has increased by 60 per cent to Rs 59.57 crores (Rs 37.23 crores). After interest charges of Rs 15.70 crores (Rs 13.08 crores), depreciation of Rs 6.29 crores (Rs 6.18 crores), and tax provision of Rs 7.94 crores (Rs 1.68 crores), net profit is higher by 82 per cent at Rs 29.64 crores. The earnings per share have increased to 144.33 per cent from 101.85 per cent in the previous year.

Of the total equity capital of Rs 20.45 crores, almost 40 per cent is held by the various financial institutions. In fact, institutional stakes have increased during the year, after shares amounting to Rs 4.96 crores were issued to them in exercise of option for conversion of debentures. The equity dividend has been maintained at 16 per cent. During the year, the appropriation to investment allowance reserve was Rs 11.58 crores (Rs 32 lakhs) and towards special appropriation to-

(Rs crores)

Year ended 31 March	1987	1986
Revenue incl other income	340.61	269.32
Operating profit	59.57	37.23
Interest	15.70	13.08
Depreciation	6.29	6.18
Pre-tax profit	37.58	17.97
Tax	7.94	1.68
Net profit	29.64	16.29
Statutory appropriations	24.82	13.23
Equity capital	20.48	15.91
Reserves	62.79	47.08
Spl appropriation twrds proj cost	44.06	33.16
Capital contrbn from consumers	1.37	1.24
Loans	160.24	126.33
Net fixed assets	259.93	187.09
Investments	5.97	5.15
Net current assets	23.09	31.43
EPS (%)	144.33	101.85
Dividend (%)	16.00	16.00
Market price (Rs)		
Current	210.00	
1987: High	310.00	
Low	195.00	

wards project cost Rs 10.90 crores (Rs 10.61 crores).

The 500 MW Trombay Unit 5 which started around January 1984, recorded a plant load factor of 76 per cent during the year. The older thermal units Nos. 1 to 4 operated satisfactorily and the entire station recorded a load factor of 63 per cent. The water storage in the companies' lakes on 1st October 1986 was 69.3 per cent, the highest being in 1983 when it was 82.9 per cent.

During the year, the companies received 4,11,439 tonnes of low sulphur residual fuel from the adjoining refineries of Bharat Petroleum and Hindustan petroleum, and 1,75,841 tonnes of coal from Western Coalfields. They also received 5,57,928 tonnes of associated gas from ONGC, which was 138 per cent higher than the receipts of such gas during the previous year. The gas price has been rationalised by the government from 30 January 1987 and the companies have received a firm commitment from ONGC for supply of 1.5 million cubic metres of gas per day.

At present the work on the 500 MW (replacement) Unit 6 is under progress and is expected to be commissioned on schedule, ie, by March 1990. Unit 6 will replace the ageing units, 1, 2, 3 and 4.

The companies had difficulty in obtaining approvals for civil works of the project from the Municipal Corporation of Greater Bombay. This was in response to pressure of a consumer group and MCGB issued a 'stop work order'. The construction work remained suspended for four months, until the municipal corporation authorised the Municipal Commissioner and he withdrew the 'stop work order'. Currently, the company faces court hearings on petitions made by citizens groups about high electricity tariffs and the location of Unit No. 6, which it is claimed, may be an environmental threat.

As a part of the Unit 6 project the company has commenced installation of a major 220 KV transmission system comprising overhead circuits and underground 220 KV oil filled cables, to transport power from Trombay to South Bombay, at a cost of about Rs 50 crores.

During the year, the company made substantial power system improvements, which included commissioning of an additional 30 MVA 110/22 KV transformer at the Borivli receiving station to cater to the additional load growth in the north Bombay area. Work on new substations, being developed to feed the World Bank aided projects of BMC's sewage pumping requirements, is in an advanced stage of completion.

The companies associate themselves with Tata Projects Ltd and Tata Exports Ltd in connection with the execution of various power projects both in India and overseas. These include management and engineering services in Liberia, operation and maintenance services for a power station in Raichur, installation of a 40 MW reversible pump turbine at Panchet Hill in Bihar; and two 500 MW thermal units at Rihand (UP).

The companies have assisted the loss-making Tata company, The National Radio & Electronics Co Ltd (Nelco) in securing long term loans from the financial institutions and banks. Tata Power has an investment of Rs 21.59 lakhs in the equity shares of Nelco and an aggregate amount of Rs 208.61 lakhs is due from Nelco against loans, deposits, advances and other net amounts recoverable. The Tata Electric companies together have given guarantees on account of Nelco for an aggregate value of Rs 2.29 crores.

The Tata Electric Companies would be required to subscribe to the unsubscribed portion, if any, of the proposed rights issue of equity shares by Nelco, in addition to taking the rights shares offered to the company on its existing holding of 23,375 equity shares of Nelco. In case this results in the company's shareholding in Nelco exceeding 10 per cent of Nelco's subscribed capital, compliance with this condition would require the shareholders' approval, which should overall not be a difficult matter.

South India Viscose Ltd

Higher sales; profits up despite lower sales realisation; better margins; higher capacity utilisation; successful efforts to penetrate the export market for rayon yarn

The company has fared exceedingly well despite a 40 per cent power cut for more than six months and a power tariff that rose by 12.5 per cent — from 64 paise to 72 paise. Its viscose staple fibre (VSF) plant was restarted in February, 1987 after carrying out major renovations and modifications. It was closed for the past six years. With some balancing equipment, the company plans to increase its VSF capacity from 20 tonnes per day (tpd) to 30 tpd. Of the total sales of Rs 56.76 crores, rayon yarn and wood pulp account for 97 per cent. Encouraged by its performance, it stepped up dividend by two points to 20 per cent and also decided to issue bonus shares in the ratio of one share for every two shares held. Nearly 18 per cent of the total rayon yarn production (774 tonnes) worth Rs 4.05 crores was exported as against just 33 tonnes the previous year.

(Rs crores)

Year ended 31 March	1987	1986
Sales & other income	57.19	44.95
Operating profit	13.77	10.14
Interest	1.33	1.75
Depreciation	2.28	2.37
Pre-tax profit	10.16	6.02
Tax	4.30	3.00
Net profit	5.86	3.02
Equity capital	7.35	7.35
Reserves & surplus	12.31	7.17
Net fixed assets	18.47	16.34
Net current assets	7.80	9.03
EPS (%)	79.70	41.10
Dividend (%)	20.00	18.00

Sales of rayon yarn were higher by 32.9 per cent at 4,440 tonnes (3,340 tonnes). However, sales realisation per tonne was lower by 9.7 per cent at Rs 52,747 (Rs 57,874). As a result, sales value of rayon yarn was higher by 21.2 only at Rs 23.42 crores (Rs 19.33 crores), sales of wood pulp were higher by 45 per cent at 36,509 tonnes (25,038 tonnes). With sales realisation per tonne lower by 0.7 per cent at Rs 8,721 per tonne (Rs 8,778), total sales of wood pulp could show an increase of 44 per cent at Rs 31.84 crores (Rs 21.98 crores). Production of rayon yarn was higher by 18 per cent at 4,336 tonnes (3,674 tonnes) utilising 108.4 per cent (91.9 per cent) of the installed capacity. Production of wood pulp was higher by 24 per cent at 39,870 tonnes (32,143 tonnes). Of the total production, 5,726 tonnes (4,445 tonnes) of wood pulp were used for captive consumption.

During the year, sales were higher by 27 per cent at Rs 56.76 crores (Rs 44.69 crores) resulting in a proportionate increase of 27.3 per cent in operating profit at Rs 13.77 crores (Rs 10.14 crores). With interest lower by 31.6 per cent at Rs 1.33 crores (Rs 1.75 crores) and depreciation lower by 0.4 per cent at Rs 2.28 crores (Rs 2.37 crores), pre-tax profit jumped by 68.7 per cent to Rs 10.16 crores (Rs 6.02 crores). Despite tax liability increasing by 43.3 per cent to Rs 4.3 crores (Rs 3.0 crores), net profit was almost doubled at Rs 5.86 crores (Rs 3.02 crores). The cost of raw materials indicates a rising trend, with the total raw material cost higher by 25.9 per cent at Rs 14.08 crores (Rs 11.18 crores). Consumption of wood pulp was higher by 24 per cent at 1.2 lakh tonnes (0.97 lakh tonnes) and cost of wood pulp consumed was higher by 34 per cent at Rs 7.28 crores (Rs 5.42 crores). Consumption of caustic soda was higher by 30 per cent at 6,229 tonnes (4,760 tonnes) and its cost was higher by 33 per cent at Rs 3.63 crores (Rs 2.72 crores). Distribution of revenue shows that raw materials consumed as a percentage of total revenue remains unchanged at 24.7 per cent. However, employees' cost was lower at 11.4 per cent (13.5 per cent); interest 2.3 per cent (3.9 per cent); power and fuel 16.1 per cent (19.1 per cent); and excise 6.3 per cent (11.3 per cent). Excise duty was lower by 54.3 per cent at Rs 3.57 crores (Rs 5.51 crores).

Ratio analysis indicates improved working. Gross margin was higher at 22.2 per cent (18.8 per cent) and net margin improved substantially at 10.3 per cent (6.8 per cent). Return on equity at 29.6 per cent (20.8 per cent) indicates better utilisation of shareholders funds. In spite of a sharp increase in tax liability by 43 per cent, tax ratio was lower at 42.3 per cent (49.8 per cent). Pay out ratio was 25 per cent (43.8 per cent) indicating increased awareness of the need for plough-back. While the receivables turnover remained unchanged at 13 days, the inventories' turnover declined sharply to 63 days (93 days). Fund flow analysis reveals that during the year, additions to gross block was Rs 2.59 crores; repayment of loans took away Rs 4.25 crores and dividend claimed Rs 1.47 crores. This was partly financed by reduction in working capital by Rs 1.23 crores and the balance from internal accruals. In order to follow a uniform method of charging depreciation, it has reworked depreciation from 1982-83 onwards. As a result, depreciation aggregating Rs 132.30 lakhs has been written back during the year and the depreciation for the year is higher by Rs 28.57 lakhs.

With an objective of increasing the wood pulp yield, the company has entered into agreements with Wimco Seedlings Ltd to establish R&D centres. This will involve the use of Swedish technology, based on improved plant genetics. The company is awaiting government approval for the lignosulfonate project. The VSF plant which was started after a gap of six years, may again be closed down in view of the hike in excise duty in the 1987-88 budget. Manufacture of polynosic staple fibre also continues to be uneconomical and the demand for excise duty exemption has not yet been considered by the government. The above two items contributes less than one per cent of the total sales.

Synthetic and Chemicals

Improved performance; change of raw materials base advantageous to the company; future expected to be better; expansion proposed

Synthetics and Chemicals Ltd, in which the Kilachand group and the financial institutions have a substantial shareholding, has reported improved results for the 18-month period ended 31 March 1987. Compared with the previous 12 months, ended 30 September 1985, the annualised figures for the period under review show substantial increases all around. With sales increasing by 20 per cent to Rs 90.50 crores (previous year: Rs 50.38 crores), the operating profit has shown a more than proportionate increase of 56 per cent to Rs 6.88 crores (Rs 2.94 crores). Even after a higher interest burden of Rs 4 crores (Rs 1.86 crores) and depreciation of Rs 1.47 crores (Rs 68 lakhs), the pre-tax profit has improved to Rs 1.41 crores (Rs 40 lakhs). The taxation for the period was Rs 18 lakhs (nil), and the net profit amounts to Rs 1.23 crores (Rs 40 lakhs).

The production and sales of SBR rubber, the main product, were good. Though production increased marginally to 30,877 tonnes (20,523 tonnes), sales improved by 9 per cent to 30,250 tonnes (18,523 tonnes). And with sales realisation per tonne increased by 10 per cent at Rs 29,185 (Rs 26,563), the sales value rose by 20 per cent to Rs 88.29 crores (Rs 49.20 crores). But with increase in input costs, even the better results would not have increased the bottom line profits, but for the other income rising by 150 per cent to Rs 2.93 crores (Rs 78 lakhs). This was possible because the excise duty benefit under the 'modvat scheme' was treated as income instead of excluding the same from the value of purchases of materials. During the period, Rs 1.82 crores was received against excise duty.

As at 31 March 1987, company's land, buildings, plant and machinery were revalued and Rs 32.83 crores were carried to revaluation reserve account. This has increased the net fixed assets to Rs 38.67 crores (Rs 7.08 crores). The addition to fixed assets in the last couple of years has been very minimal.

SBR was removed from OGL and its import was restricted in the latter part of June 1986. This helped to improve the sales performance

(Rs crores)

Year ended 31 March	31.3.87 (18 months)	30.9.85 (12 months)
Sales and other income	93.43	51.16
Excise duty	11.26	4.97
Operating profit	6.88	2.94
Interest	4.00	1.86
Depreciation	1.47	0.68
Pre-tax profit	1.41	0.40
Tax	0.18	—
Net profit	1.23	0.40
Equity capital	5.81	5.81
Reserves	36.61•	3.49
Loans	8.56	9.84
Net fixed assets	38.67	7.08
Net current assets	12.30	12.07
EPS (%)	21.17	6.88
Dividend (%)	15.00	8.00
Market price (Rs)		
Current	295.00	
1987: High	310.00	
Low	75.00	

• Includes revaluation reserve of Rs 32.86 crores, after revaluing assets as at 31 March 1987.

of the company. In the earlier part of the period, when SBR was still on OGL, lower off-take put pressure on profits margins, had caused strains on the working capital position.

Much to its advantage, the company has shifted the raw material base from alcohol to butadiene, a petro-feed stock. The company has been allowed by the government to import butadiene at concessional rates of customs duty in order to supplement indigenous petro-butadiene supplies. Between October 1985 to March 1987, 14,464 tonnes of butadiene were imported, enabling the company to raise its production to almost the full installed capacity of 33,000 tonnes in the concluding period. Even the domestic availability of butadiene should improve shortly with new manufacture licences granted to companies in the petrochemical industry.

The consumption of alcohol dropped to 6,203 kilolitres from 29,015 kilolitres, and that of butadiene increased to 17,245 tonnes from 5,972 tonnes. The cost of butadine consumed decreased to Rs 12,837 per tonne from 14,510 per tonne. The share of imported raw material (mainly butadiene) increased to 46 per cent of total raw materials consumed to Rs 22.24 crores, from 20 per cent at Rs 5.93 crores. The available supplies of alcohol were utilised only for styrene production.

The company commissioned its styrenated phenol project set up for captive requirements in September 1986. The government had granted a letter of intent for expansion of the capacity of SBR from 30,000 to 80,000 tpa and of styrene from 9,000 to 24,000 tpa. According to the directors' report, steps are being taken to implement the above letter of intent. The work of installing the terminal at Kandla for the storage and handling of imported butadiene is in progress, and the same is expected to be ready by end of 1987.

With better performance, coupled with letter of credit facilities from the State Bank of India for import of butadiene and *ad hoc* cash credit facilities for working capital requirements, the company's reliance on borrowings has eased. Total loans have decreased to Rs 8.56 crores (Rs 9.84 crores).

In the meanwhile, the company's petition filed in the matter of vend fee and purchase tax on industrial alcohol levied by the UP government are pending. The matter of claim for Rs 10.78 crores for vend fee is still pending in the Supreme Court. The disputed excise duty demands amounted to Rs 20.31 crores. The vend fee claimed by the UP government against the company totalled Rs 28.49 crores including the Rs 10.78 crores mentioned above. On 19 December 1979, the Supreme Court disposed off by a connon judgement the appeals filed by the Uttar Pradesh government and upheld the right of the state to levy a fee for parting with the state's exclusive right or privelege to manufacture or sell industrial alcohol. The company has not provided for the above mentioned contingent liabilities as multiple writ petitions in various courts have been filed by it against the aforementioned claims.

Results announced

Bajaj Auto

Bajaj Auto has performed well during the year ended 30 June 1987. The company is paying a substantially higher dividend of 80 per cent (50 per cent) and has also recommended a liberal bonus issue in the ratio of 1:1. The Rs 100 face value shares which is quoting at Rs 5,425 will be sub-divided to Rs 10 face value at the forthcoming AGM of the company.

Sales and other income registered a substantial increase to Rs 607.73 crores (Rs 440.83 crores). Exports were marginally lower at Rs 6.07 crores (Rs 6.28 crores). The operating profit was Rs 129.53 crores (Rs 99.28 crores) and after providing Rs 16.22 crores (Rs 14.44 crores) towards interest charges and (Rs 27.75 crores (Rs 17.26 crores) for depreciation, the pre-tax profit works out to Rs 85.56 crores (Rs 67.58 crores). The tax liability is lower at Rs 21 corres (Rs 28.60 crores), the net profit has more than doubled to Rs 64.15 crores (Rs 29.71 crores) and Rs 8.80 crores was allocated towards investment allowance reserve in the previous year. The proposed dividend absorbs Rs 7.52 crores (Rs 4.70 crores) and Rs 9.40 crores will be capitalised from the reserves for the bonus issue.

Bajaj Auto's vehicle production touched a record 6.01 lakhs (4.68 lakhs) in 1986-87. Scooter production was 5.15 lakhs (3.87 lakhs), motorcycles 41,893 (42,732) and three wheelers 43,905 (37,868). The company's agreement with Maharashtra Scooters to supply CKD packs has been extended for 10 years starting January 1988. Production of three wheelers has begun at Walunj and applications have been made for enhancing capacity (of both two and three wheelers) to 1 million.

Maharashtra Scooters

With significantly higher sales and profits, a dividend maintained on doubled capital, Maharashtra Scooters, like Bajaj Auto, has reported a good performance. The figures for the year ended 30 June, 1987: sales of Rs 95 crores, up 27 per cent over the previous year. The numbers of Priya scooters sold during the year was 92,106 (79,362). Gross profit was Rs 15.45 crores (Rs 7.47 crores), depreciation Rs 0.57 crores (Rs 0.52 crores), tax Rs 1.8 crores (Rs 2.35 crores), and net profit Rs 13.08 crores (Rs 4.60 crores). Dividend at 35 per cent on equity capital doubled through last year's bonus issue, will absorb Rs 1 crore. Earnings per share work out to 458 per cent.

The company reports that while the improved profits are partly on account of higher production and sales, in part it is because of a change in accounting practices. Dividend on the company's substantial investment in units of the Unit Trust of India (mainly money held by the company as customer deposits on bookings) were earlier accounted for on a cash basis. From last year, a change was made in accounting policy from cash to accruals basis in order to have uniformity for the purpose of taxation. Dividend of Rs 5.61 crores from UTI has therefore been taken into the income for 1986-87.

The company's application for getting its licenced capacity enhanced from 87,000 scooters to 200,000 in accordance with the minimum economic scale concept, has been approved by the government. Maharashtra Scooters' technical agreement with Bajaj Auto, due to expire on 31 December this year, will be extended for a further period of 10 years.

In brief

- **VXL India Limited** has announced a 20 per cent dividend for the year ended 30 June 1987. Sales are up at Rs 112 crores (Rs 100 crores in the previous year), gross profit is Rs 8.42 crores (Rs 6.51 crores), depreciation Rs 4.28 crores (Rs 3 crores), and tax Rs 0.77 crores (Rs 0.5 crores). Net profit stands at Rs 3.37 crores (Rs 3.01 crores), which gives an EPS of 89 per cent (79 per cent).
- **Polyolefins Industries Ltd** has put up an impressive performance during the first six months of the current year ended June 1987, with sales at Rs 77.17 crores marking a 24 per cent increase over that achieved in the corresponding period in the year before. Gross profit before depreciation has also gone up by nearly 60 per cent to Rs 10.31 crores, while post-tax profit at Rs 4.72 crores is better by nearly 70 per cent.
- **Asian Paints (India) Ltd** has improved sales to Rs 83.91 crores during the first six months of the current year (Rs 68.69 crores during the same period in the year before). Gross profit before depreciation has also jumped to Rs 7.64 crores (Rs 6.35 crores), while pre-tax profit at Rs 6.14 crores is up by Rs one crore.

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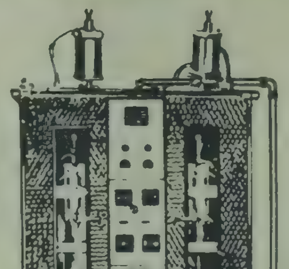

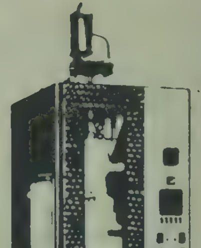

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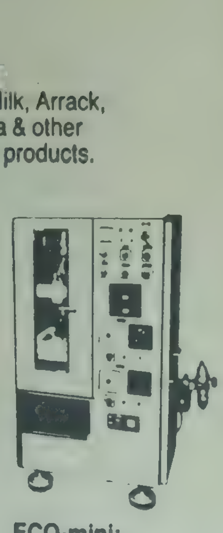

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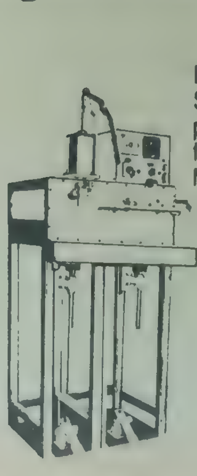

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Market News

Stockmarket review

DPCO brings no joy

Period under review: 29 August to 11 September 1987

The fortnight under review witnessed fairly large two way movements in prices during the first week, but was characterised by a dull note and low volumes in the second week. The BSE index, which had touched a high of 505.08 on 13 August 1987, declined during the first week to a low of 472.33 but bounced back to 483.22 on 4 September. The ET index which had touched 276.3 in August also declined to 262.9 before recovering partially to 268.10. Thereafter, the markets seemed to go into a stupor and for the remaining part of the fortnight, fluctuations in the indices as well as most individual scrips were narrow and were attendant with lower than normal volumes.

The decline in the beginning of the fortnight was mainly in cash scrips primarily due to end account considerations. Most of the counters which had gained substantial ground over the past one month met with profit taking at higher levels and unloading by investors/speculators in search of short term profits. However, most of the fundamentally strong scrips attracted fresh investment support from both the financial institutions and individual investors which helped them to regain part of the lost ground on 3 and 4 September.

Thereafter, the volume of trading declined perceptibly and it appeared as if marketmen were uncertain of the strategy they should adopt. According to reports, the financial institutions also adopted a more selective and moderate approach with the result that the market appeared to be waiting for a decisive turn of events. The undertone during the second week was however undoubtedly hesitant which was partly due to fears of uncertainty pertaining to carry forward business after the deadline of 23 September when as per the BSE notification, all forward contracts outstanding in the market would have to be compulsorily squared up. The sentiment was also affected by fears that drought tax may be imposed and reported heavy sales by the financial institutions in Bombay Dyeing.

The major event during the fortnight was the announcement of the much awaited new Drug Price Control Order (DPCO) by the government on 29 August. Under the new policy, the number of drugs and formulations under price control stands substantially reduced to 166. Moreover, the controlled drugs were placed under 2 categories with a mark up of 75 and 100 per cent, respectively, as against the earlier DPCO (which had been operative since 1979) which catagorised the controlled drugs into 3 classes with a minimum mark up of 40 and a maximum of 75 per cent. However, the market did not react much to the new policy and prices of most pharmaceutical shares remained at around previous levels; except in the case of the industry leaders like Glindia and Pfizer which initially shot up due to speculative demand and bear short covering, but later declined as profit taking emerged at higher levels.

The slow reaction of the market to the drug policy is no doubt due to the paucity of information available with the general investor. The annual accounts of pharmaceutical companies do not reveal details of drugs manufactured by them. In most pharmaceutical balance sheets production data is given in terms of number of tablets, capsules, vials and liquids produced and the investment analyst is left guessing about the actual products (formulations/drugs) produced by them. Due to this, it is almost impossible for the average investor to analyse the effect of the new control order on the profitability of different companies. Industry spokesmen too did not appear to be enthused with the new policy and it was reported that representations were being made to government as it was feared that the profitability of the industry would continue to remain low due to certain provisions such as increase in the dealers' commission. Consequently, towards the end of the fortnight, most of the earlier gains in the leading pharmaceutical shares were wiped out, and the ET index for the industry, which had increased from 242 on 27 August to 277.8 on 7 September, lost all the gains to close at 247.5. Thus, the net effect on the index after the announcement of the policy was an almost negligible gain of 5.5 points (2.27 per cent).

It would thus appear that the market is still not confident about the effects of the new drug policy. However, at the same time it must be noted that the gains expected from the new policy had already been discounted to a large extent even before the announcement

In this context, it would thus appear that the market is still not confident about the effects of the new policy. However, at the same time it must be noted that the gains expected from the new policy had already been discounted to a large extent even before the announcement. One must not lose sight of the fact that inspite of low current profits of most companies in the industry, the average P/E ratio of pharmaceutical shares is close to 20 as against the market average of about 11, and is only lower than the average for the food and consumer product industries. One is therefore left wondering whether this can be ascribed to quick discounting or due to the operation of strong speculative forces.

Coming back to the state of the market, it does appear that investors have now started taking cognizance of the widespred drought conditions in the country, and its likely impact on the economy till the next monsoons. This in itself appears to be the single most important factor which can prevent the markets from booming in the months to come. However, on the other hand, not only are institutional investors reportedly flushed with funds but the entry of new institutions such as State Bank and Canara Bank with their mutual funds can only add to the shortage of good scrips in the market, and this can act as the most important factor to prevent prices from sliding to very low levels. The prevailing narrow fluctuations and dull conditions during the second week of the fortnight under review perhaps are a result of these seemingly opposite forces at work.

Under such conflicting fundamentals it could be useful to analyse the market from the technical viewpoint. The BSE index which touched the all time low of 415.51 in June 1987 climbed almost uninterrupted to a high of 505.08 (89.57 points) on 13 August. Thereafter, it has gradually declined to end the fortnight at 479.66 which is 25 points lower than the recent peak. The extent of fall, ie, about 28 per cent of the previous rise as well as the period of decline (which now exceeds the minimum stipulated of three weeks) qualify the current decline to be of intermediate proportions. The fall can therefore technically lead the index to about 445, being ⅔rds of the previous rise. Only if the markets were to continue to fall below this level and finally pierce the bottom of 415 would the continuance of the bear phase be confirmed. On the other hand, if the decline halts anywhere above 415 and the subsequent rally takes the index above 505, a new bull market would be very much in order. Till then, the technical analyst must be cautious in his approach and buy only the fundamentally strong scrips at declines in the market; it must be remembered that such shares will tend to shoot up once the market mood is optimistic as their floating stocks are being gradually reduced by continuous institutional support.

V. KAPOOR

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SOUTH INDIA VISCOSE LIMITED

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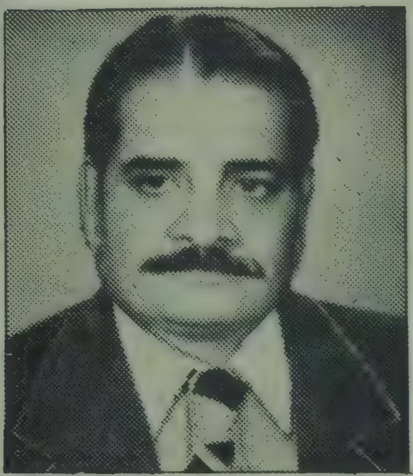

Statement of the Chairman, Shri SHANTANU N. DESAI at the 29th AGM of the Company on Thursday, the 3rd September 1987 at Coimbatore.

Ladies and Gentlemen,
I have great pleasure in welcoming you to the 29th Annual General Meeting of the Share holders. The Report of the Directors and the Audited Accounts have been with you for some time and with your permission, I shall take them as read.

Economic Scene

Turning to the economic scene in the country, it is of grave concern for all of us since many parts of the country are under severe grip of drought, while some parts like Assam, Bihar, West Bengal are affected by torrential rains and consequent floods, bringing miseries to millions of people. Drought situation is so bad that even the availability of drinking water has become scarce and the Government has to take steps on war footing to provide water for drinking purposes, leave alone irrigation. It is a pity that we are at the mercy of nature and bound by the vagaries of monsoonic conditions. It is high time that all the State Governments and the Central Government take concrete steps to prevent the river waters going to the sea as waste and instead to divert the same to other parts of the country which have been starving for water for many years. Water flow in the River Bhavani, on whose source our Company depends, is causing us grave concern if the monsoon fails again. Already South West monsoon has proved to be a failure as far as the Southern parts of the country are concerned and the hopes are now on the North-East monsoon expected during October/November, which we do hope would come to our relief. There are signs of rain in some parts of the country and we pray that the South also has a good share of rains.

Power Situation

Consequent to the successive monsoon failures, the power situation is also very grim. Already 40% power cut imposed in last July, still continues which we fear may go up with the failure of the current South-West monsoon affecting the industrial climate in Tamil Nadu. Because of the severe drought and failure of monsoon, the cost of production of all commodities is going up and this inflationary tendency should be curbed at the earliest. We trust the Government of India will give high priority to augment the power supply, both through Electricity Boards and also encourage captive production of power by suitable incentives. Our Company has and is taking steps to raise the captive power production capacity to achieve uninterrupted production.

Our Company Affairs

Coming to the affairs of the Company, your Company has achieved satisfactory production of wood pulp and Rayon Filament yarn for the year ended 31st March, 1987. The turnover of the Company has touched a figure of Rs. 57 crores, a milestone in the activities of the Company. Production of Wood Pulp and Rayon yarn during the current year has been encouraging. Your Company's Viscose Staple Fibre Plant, which was closed down for nearly six years was restarted on 26th February, 1987. Unfortunately, in the current year's Budget, the Excise Duty on Viscose Staple Fibre was increased from Rs. 5/- to Rs. 7/- per kg. making the product once again uneconomic to the Consumer. We have made several representations to the Government and trust they will see the logic in reducing the duty which ultimately will give higher revenue to the Government as the increased production of Fibre due to a lower duty, will on the whole yield more revenue. The demand for Viscose Staple Fibre has gone up substantially, particularly for blending the same with Cotton, Polyester etc. Your Company is geared to produce 11,000 tons Viscose Staple Fibre per year and it is also considering to increase the production, once the question of Excise Duty is satisfactorily resolved.

Commitment to Forest Development

Your Company, with the active assistance and support of Government of Tamil Nadu, has encouraged the Plantation of Bluegum, wattle and Eucalyptus Grandis all these years. Your Company has launched a Research & Development Scheme at a cost of Rs. 2 crores and have collaborated with M/s. Wimco Seedlings Limited as Consultants on long term basis. Wimco Seedlings achieved considerable success in solving the raw material shortage problem of the Match factories of Wimco, by developing several high yielding clones of Poplar trees in their R&D Centres and getting them planted on Government land and in farmers' fields in UP, Haryana, Punjab etc. Your Directors have every hope that your company can achieve similar success with Bluegum, Wattle and Eucalyptus Grandis and ensure availability of more than adequate quantities of wood for the maximum production of pulp. Increased production of pulpwood also ensure increased availability of firewood for the common man from the smaller size billets (of less than 3" diameter) which are not used for pulping and also of leaves for the Eucalyptus Oil Industry. The forests are also kept in continuous production by scientific silvicultural practices thus ensuring soil and moisture conservation and environmental protection.

I am happy to say that the Forest Department of the Tamil Nadu Government is appreciative of the above steps we have taken and has assured all encouragement in our endeavour to increase the yield and shorten the recycling period.

Human Resources Development

In tune with the changing trends all over the world in the concept of modern Management administration, your Company has been conducting a series of Seminars, Lectures Conferences etc. for the benefit of the Officers, Staff and Employees of the Company. Human Resources Development programmes taken up by the Company has been welcomed by one and all and it is hoped that this would certainly increase the efficiency of the Organisaton.

Diversification

Our application to the Government for a Letter of Intent for Lignosulfonate Project is in advanced stage of consideration.

Exports

Your Company has entered the Export Market for exporting Viscose Filament Yarn to several countries. During the year ended March, '86 we exported around 30 tonnes only, but due to our sustained efforts in exploring the export markets, we were able to export about 770 tonnes of Filament yarn, valued at Rs. 400 lakhs during the year ended March '87. Our Export constitute 19% of our annual production, which is considered by all concerned as highly satisfactory. For the current year we have a firm commitment of 500 tonnes and are hopeful that our export for the year ended 31st March, 1988 will be substantially higher than the previous year.

Dividend and Bonus Share Issue

Your Directors are happy to recommend a higher Dividend at 20% and also issue of Bonus Shares in the ratio of 1:2 subject to the consent of the General Body and approval of the Controller of Capital Issues. I am quite sure that the Shareholders would certainly welcome the decision of the Board of Directors.

Current Year's Trend

In the current year, so far the conditions seem to be satisfactory and the company is poised for a sustained growth provided the Government comes to the aid of the indigenous Industry on the front of Viscose Staple Fibre by reducing the Excise Duty.

Acknowledgement

On behalf of the Board of Directors and on my own behalf, I thank the Central Government and the Tamil Nadu State Government, Financial Institutions, Banks and the Shareholders for their co-operation and encouragement.

Personnel

I would like to express my sincere appreciation for the dedication shown by the Management team and the Employees at all levels resulting in the improvement of the operations of the Company.

Thank you

S. N. DESAI
Chairman

(*Note:* This does not purport to be the proceedings of the Meeting)

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New Issues

Gujarat B.D. Luggage

Into the country's crowded moulded luggage market comes Gujarat B.D. Luggage Ltd, a Rs 9.10 crore project promoted in the associate sector by the Bishamber Dass Agarwal group (of B.D. Steel Castings Ltd) and the Gujarat Industrial Investment Corporation Ltd (GIIC), with technical knowhow from American Tourister Inc of the US. With up-market soft luggage, and hard luggage in ABS, the company hopes to carve for itself a small but secure share in a segment of the industry which is expected to be free from the price wars characteristic of the rest of the market.

Of the Rs 3.25 crore equity capital of the company, the B.D. group and associates have subscribed to 40 per cent, while GIIC has taken up 11 per cent. The balance — 1,592,500 shares of Rs 10 each at par — are being offered to the public in issues opening on 22 September (for non-resident Indians) and 24 September (for the Indian public). Term loans of Rs 4.91 crores, a government subsidy of Rs 25 lakhs and unsecured loans of Rs 17 lakhs from the promoters tie up the finances of the project. It is scheduled to start trial production later this month.

The company's production capacities of 1,000,000 pieces each for hard and soft luggage is far in excess of current demand for these products. Going by the company's estimates, demand for hard luggage, which was 3,200,000 pieces in 1985, is growing annually at a rate of 20 to 25 per cent, and is expected to touch 7,000,000 pieces by 1990. Of this, demand for ABS luggage is expected to be just about 10 per cent, ie, about 700,000 pieces by 1990. Even the moulded luggage market-leader, Blow Plast, is manufacturing its recently-launched ABS range of products at a rate of 150,000 pieces annually. One other ABS luggage manufacturer is said to be operating at just about five per cent of the total installed capacity. And insofar as soft luggage is concerned, demand, which was about 300,000 pieces in 1985, is expected to rise to 750,000 pieces by 1990.

But, what the company appears to be banking on to a significant extent is the export market. The world over, ABS is the preferred material, whereas it is only in India that high density polyethylene is used, say market watchers. Gujarat B.D. Luggage's tie-up with American Tourister includes a buy-back guarantee of between 20 and 30 per cent of the former's production. With stainless steel frames and fittings, and styling that are claimed to conform to international standards, the company is also eyeing other export markets, especially in the eastern bloc.

It may, however, be a while before the company is able to achieve production at full capacity. Going by the company's own estimates, the first year of operations (1987-88) is expected to allow a turnover of about Rs 22 crores at 35 per cent capacity utilisation, and result in a post-tax loss.

The second year, according to the promoters, is likely to be better, at 55 per cent capacity utilisation, and allow a dividend after a turnover of about Rs 34 crores. The share prices of moulded luggage manufacturers reveal a strong preference for Blow Plast, which is likely to compete vigorously with Gujarat B.D. Luggage — its Rs 10 share is currently quoted at about Rs 160. Others, however, are way behind — Universal Luggage and Safari Industries are quoted both at around Rs 12, while HEB Luggage, a new entrant, is quoted below its par value.

New market entrants

Company	Issue size	Main activity	Purpose	Managers to the issue	Issue date	Listing at
Amravathi Chemicals	600,000 Eq of Rs 10 each	Sorbitol	New project	NA	Shortly	Madras, Bombay
B&A Sacks	1,090,000 Eq of Rs 10 each	Paper sacks	New project	NA	Shortly	Bombay, Calcutta
Gujarat Vita Pharma	2,100,000 Eq of Rs 10 each	Pharmaceuticals	New project	Punjab National Bank	Shortly	Ahmedabad, Bombay, Delhi
Indian Aluminium	900,000 CSs (rts cum public) of Rs 500 each	Aluminium	FERA dilution, capital expenditure, new projects	SBICAP, ICICI DSP Financial	14 September	Calcutta, Bombay
Maschinen Polygraph (India)	220,000 (rts) Eq of Rs 10 at a premium of Rs 15 each	Printing machinery	Expansion & diversification	VB Desai, BCCI	Shortly	Bombay
Reliance Industries	30,000,000 (rts) Eq of Rs 10 each at a premium of Rs 62.50	Textiles, PTA	Expansion	NA	NA	Bombay, Delhi, Madras, Calcutta
Telco	(12.5%) CDS (rts) worth Rs 101 crores	Truck & LCVs	Expansion & modernisation	NA	Closes 30 September	Bombay, Delhi, Madras, Calcutta
Videocon International	1,500,000 Eq of Rs 10 each	Colour TVs	New issue; Expansion & diversification	NA	October/	Bombay, Delhi

Note: Eq: Equity; NCD: non-convertible debentures; CD: convertible debenture; NA: Not available

Stockmarkets

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 11.9.87	1987 High	Low	EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus Yr	Ratio
ALUMINIUM		**48.59**	**82.43**		**278.52***			**15.81**	**27.77**		**2.36**		
Alum Ind (10)	03/86	2.70	0.20	10.74	4.00	5.75	4.00	–87.04	0.00	0.00	0.00	66	1 : 7
Hindalco (10)	12/86	13.39	41.83	41.24	118.00	143.00	94.00	28.83	40.93	15.00	1.27	86	1 : 2
Indal (10)	12/86	32.50	40.40	22.43	36.75	54.00	29.00	18.98	19.36	14.00	3.81	77	2 : 5
AUTO-ANCILLARIES		**67.07**	**66.90**		**334.48***			**32.43**	**15.38**		**2.08**		
Auto Corp (10)	03/87	2.35	2.56	20.89	35.00	36.00	19.00	52.77	6.63	17.00	4.86		
Bharat Gears(10)	07/86	2.29	6.56	38.65	21.50	28.00	14.00	96.94	2.22	20.00	9.30		
Gabriel (10)	05/86	2.64	3.26	22.35	16.00	21.50	12.00	41.29	3.88	10.00	6.25	78	3 : 2
Goetze (10)	06/86	6.93	8.55	22.34	33.00	52.00	30.00	46.03	7.17	20.00	6.06		
Hind Ferodo (10)	12/86	5.50	0.58	11.05	22.50	27.00	17.50	0.36	618.75	0.00	0.00	83	4 : 5
Kalyani Brks (10)	06/85	3.88	0.00	10.00	14.50	23.00	8.00	0.00	0.00	0.00	0.00		
Mico (100)	12/86	38.04	35.99	194.61	660.00	675.00	167.50	32.60	20.25	10.00	1.52	86	1 : 1
Sund Fast (10)	03/86	3.19	8.67	37.18	62.00	75.00	41.00	35.42	17.50	20.00	3.23	81	2 : 3
ZF Steering (10)	06/86	2.25	0.73	13.24	24.00	43.00	16.00	20.44	11.74	0.00	0.00		
AUTO-CAR/JEEP/TRAC		**65.60**	**170.89**		**205.80***			**40.76**	**7.70**		**5.34**		
Hind Motors (10)	03/87	26.35	57.33	31.76	18.00	35.00	18.00	21.59	8.34	10.00	5.56	86	1 : 1
Mah & Mah (10)	10/86	19.26	63.27	42.85	53.00	61.00	38.00	42.26	12.54	20.00	3.77	84	2 : 3
Prem Auto (100)	06/86	16.14	37.52	33.25	31.50	33.50	17.00	71.00	4.44	25.00	7.94	86	1 : 1
Punjab Trac (10)	11/86	1.54	8.79	67.08	17.00	17.00	10.50	27.92	6.09	15.00	8.82	81	2 : 5
Stan Motors (10)	12/86	2.31	3.98	27.23	12.25	15.75	11.70	44.16	2.77	10.00	8.16		
AUTO-LIGHT TRUCK		**58.60**	**51.14**		**91.88***			**4.68**	**10.81**		**0.89**		
Allwyn Nis (10)	06/86	16.54	0.00	10.00	7.50	10.50	3.00	0.00	0.00	0.00	0.00		
Bajaj Tempo (10)	09/86	6.58	40.99	72.29	76.25	100.00	62.50	129.18	5.90	12.50	1.64	85	1 : 1
DCM Toyo (10)	06/86	15.00	0.15	10.10	9.00	12.50	6.00	0.00	0.00	0.00	0.00		
Eicher Mot (10)	00/00	10.00	10.00	20.00	9.00	10.00	5.00	0.00	0.00	0.00	0.00		
Swaraj Maz (10)	12/86	10.48	0.00	10.00	6.50	11.00	0.00	-54.96	0.00	0.00	0.00		0 : 0
AUTO-HVY TRUCK		**74.57**	**227.04**		**297.21***			**11.94**	**33.39**		**2.94**		
Ash Leyland (10)	12/86	21.39	68.18	41.87	39.50	46.00	27.00	27.91	14.15	16.00	4.05	78	1 : 2
Telco (100)	03/87	53.18	158.86	398.72	400.00	665.00	350.00	5.51	72.60	10.00	2.50	82	2 : 5
AUTO 2/3 WHEEL		**59.67**	**237.32**		**688.67***			**137.81**	**7.93**		**1.49**		
A.P. Scooters (10)	07/86	9.12	0.24	10.26	4.00	4.00	0.00	40.02	1.00	0.00	0.00		
Bajaj Auto (100)	06/87	9.41	184.21	2057.60	5550.00	5850.00	3950.00	686.08	8.09	80.00	1.44	84	1 : 1
Enfield (10)	06/86	3.12	8.41	36.96	11.50	19.50	8.50	61.54	1.87	15.00	13.04	84	1 : 1
Hero Honda (10)	06/86	12.00	1.15	10.96	23.00	31.00	16.00	9.58	24.00	0.00	0.00		
Kinetic Eng (10)	06/86	1.20	12.78	116.50	230.00	310.00	175.00	317.50	7.24	30.00	1.30	83	1 : 1
Kinet Honda (10)	01/87	10.00	2.35	12.35	23.00	40.00	15.00	-45.60	00.00	0.00	0.00		
Maha Scoot (10)	06/86	1.43	8.08	66.50	237.50	270.00	125.00	313.99	7.56	35.00	1.47	83	3 : 7
Sund Clay (10)	05/86	5.69	19.58	44.41	63.00	71.50	54.00	100.88	6.25	25.00	3.97	83	1 : 1
TVS Suzuki (10)	08/86	7.70	0.52	10.68	14.50	26.00	11.50	19.09	7.60	0.00	0.00		
BEARINGS		**26.32**	**33.36**		**165.77***			**34.84**	**15.39**		**1.98**		
Anti-Friction (10)	03/87	3.23	2.45	17.59	14.00	16.00	9.00	-49.54	00.00	8.00	5.71	83	1 : 2
Assoc Bear (100)	12/86	12.35	22.33	280.81	1150.00	1315.00	500.00	74.74	15.39	20.00	1.74	86	2 : 5
Bimetal (10)	06/85	1.91	6.07	41.78	73.75	90.00	42.00	71.73	10.28	21.00	2.85	81	1 : 2
Fag Prec (100)	12/86	2.00	3.42	271.00	120.00	225.00	107.50	8.50	14.12	7.50	6.25		
Karna Ball (10)	06/85	6.83	–0.91	8.67	4.00	7.00	3.50	0.00	0.00	0.00	0.00		
CEMENT		**103.18**	**214.98**		**228.90***			**37.74**	**5.44**		**4.46**		
ACC (100)	7/86	12.32	7.18	158.28	165.00	373.00	138.00	15.42	10.17	2.50	1.52	85	1 : 5
Andhra Cem (10)	03/86	9.51	10.80	21.36	13.00	23.00	11.00	23.55	5.52	15.00	11.54	67	1 : 2
Bagalkot (10)	09/86	1.00	4.00	50.00	23.00	32.00	21.00	48.00	4.79	15.00	6.52		
Birla Jute (10)	03/86	20.38	70.02	44.36	44.00	58.00	44.00	72.08	6.10	16.00	3.64	86	1 : 1
Guj. Ambuja (10)	06/86	17.91	0.00	10.00	14.50	16.00	8.50	0.00	0.00	0.00	0.00		
India Cem (10)	03/87	4.90	19.42	49.63	15.50	25.50	12.50	34.90	4.44	12.00	7.74	70	2 : 5
Mad Cem (100)	12/86	3.02	23.27	870.53	670.00	825.00	505.00	142.05	4.72	25.00	3.73		
Mang Cem (10)	12/86	7.11	10.38	24.60	15.00	22.50	13.00	29.82	5.03	15.00	10.00		
Mysore Cem (10)	06/86	4.99	15.98	42.02	30.00	35.00	23.00	34.07	8.81	17.50	5.83	85	2 : 5
Narm Cem (10)	12/85	14.00	0.15	10.11	4.00	7.25	4.00	–22.64	0.00	0.00	0.00		
Orissa Cem (10)	12/86	2.70	29.90	120.74	37.50	40.00	8.25	291.48	1.29	30.00	8.00	85	1 : 5
Raasi Cem (10)	06/86	5.34	23.88	54.72	17.00	28.00	10.00	95.69	1.78	18.00	10.59		
CHEMICALS		**236.70**	**401.71**		**1225.00***			**44.55**	**11.38**		**3.69**		
BASF (10)	12/86	2.84	9.52	43.52	113.75	125.00	65.00	46.48	24.47	18.00	1.58	79	1 : 1
Bayer (100)	12/86	8.11	17.45	315.17	397.50	785.00	390.00	65.97	6.03	25.00	6.29		
Cam & All (100)	12/86	2.60	4.58	276.15	150.00	210.00	150.00	25.38	5.91	18.00	12.00	82	1 : 3
Chloride (10)	08/86	12.90	16.21	22.57	82.00	98.00	66.00	69.53	11.79	39.00	4.76	86	3 : 5
Citurgia (10)	03/87	5.25	7.05	23.43	73.50	74.00	53.00	46.29	15.88	22.00	2.99		
Deepak Nit (10)	10/86	2.43	3.40	23.99	40.00	45.00	20.50	25.10	15.93	14.00	3.50	86	1 : 2
Gujarat Alk (10)	03/87	8.93	24.78	37.75	58.50	59.00	8.52	33.93	17.24	26.00	4.44	85	1 : 5
Gujrat Petro (10)	05/86	2.94	0.31	11.05	28.00	36.00	17.50	22.45	12.47	11.00	3.93		
Herdillia (10)	06/87	7.35	17.03	33.17	45.00	52.50	29.50	60.41	7.45	21.00	4.67		
Hico Prod (10)	12/86	2.49	4.74	29.04	25.00	30.00	10.00	2.41	103.75	10.00	4.00		
IEL (10)	09/86	40.87	72.54	27.75	47.00	63.00	45.00	47.49	9.90	22.50	4.79		
Ind Oxygen (10)	09/85	14.60	12.90	18.84	39.75	62.50	39.00	27.81	14.29	16.00	4.03	85	1 : 3
Indrol (10)	06/86	2.54	10.06	49.61	247.50	340.00	160.00	90.55	27.33	25.00	1.01		
ION Exch (10)	04/86	0.96	2.78	38.96	102.50	146.00	58.00	63.54	16.13	20.00	1.95		
Modi Alkalies (10)	04/85	10.64	–0.61	9.43	6.50	10.00	5.00	0.00	0.00	0.00	0.00		
Nat Perox (100)	03/87	2.30	7.97	446.52	1275.00	1450.00	710.00	110.43	11.55	30.00	2.35		
Nocil (100)	12/86	36.00	45.43	226.19	445.00	470.00	410.00	46.47	9.58	18.00	4.04	86	1 : 2
PIL (100)	12/86	12.87	24.43	289.82	900.00	940.00	590.00	54.93	16.38	23.00	2.56	82	1 : 3
Punjab Alk (10)	06/85	9.99	2.77	12.77	6.50	7.50	4.00	–15.12	0.00	0.00	0.00		
Syn & Chem (100)	03/87	5.81	4.37	175.22	272.50	335.00	75.00	20.83	13.08	15.00	5.50		
Tata Chem (10)	03/87	27.19	102.12	47.56	70.00	94.00	61.00	83.12	8.42	25.00	3.57	85	2 : 5
Tuti Alkalies (10)	12/86	12.93	0.00	10.00	14.50	18.00	8.00	–5.41	0.00	0.00	0.00		
Vam Org (10)	04/87	4.16	11.88	38.56	87.00	108.00	64.00	86.78	10.03	25.00	2.87		
CIGARETTES		**42.63**	**56.34**		**188.71***			**38.99**	**11.35**		**5.83**		
Godfrey Phil (10)	12/86	2.60	3.24	22.46	14.00	15.00	0.00	26.54	5.28	15.00	10.71	75	1 : 1
GTC (10)	12/86	2.60	3.74	24.38	14.00	19.00	13.00	26.54	5.28	15.00	10.71	72	1 : 4
ITC (10)	06/86	33.17	38.42	21.58	52.00	77.00	39.00	38.41	13.54	27.50	5.29	81	1 : 5
VST Ind (10)	09/86	4.26	10.94	36.68	21.00	30.00	19.00	58.69	3.58	26.00	12.38	77	3 : 5

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
*** market capitalisation in Rs crores.**

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 11.9.87	1987 High	Low	EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bo Yr	Ra
COMPUTERS		**6.97**	**9.22**		**53.86***			**47.92**	**16.13**		**3.49**		
ICIM (10)	12/86	2.50	4.37	27.48	20.00	28.00	15.00	38.00	5.26	16.00	8.00		
P.S.I. Data (10)	06/86	1.34	0.57	14.25	23.00	32.00	22.00	18.66	12.33	17.00	7.39		0
Tata Unisys (10)	12/86	3.13	4.28	23.67	146.25	225.00	127.50	68.37	21.39	40.00	2.74		
CONSTRUCTION		**18.73**	**60.10**		**127.43***			**39.51**	**13.63**		**2.84**		
Cemindia (10)	09/86	1.28	3.84	40.00	103.75	135.00	63.75	85.16	12.18	24.00	2.31	84	3
Gammon (10)	07/86	2.16	12.81	69.31	88.00	100.00	27.00	93.06	9.46	25.00	2.84	82	2
Hind Dorr-Ol (10)	11/86	2.38	7.85	42.98	220.00	407.50	156.25	164.71	13.36	35.00	1.59	86	1
Hind Const (10)	07/86	6.30	20.57	42.65	8.00	13.00	8.00	-30.95	0.00	15.00	18.75	83	1
Sae (10)	12/86	1.80	6.82	47.89	137.50	167.50	75.00	21.67	63.46	12.50	0.91	83	1
W.I.E. (10)	09/86	4.81	8.21	27.07	27.00	35.50	16.00	40.33	6.69	16.00	5.93	83	3
COSME & TOILET		**123.02**	**119.97**		**1183.58***			**47.17**	**20.40**		**3.67**		
Colgate (10)	12/86	15.72	6.37	14.05	235.00	255.00	135.05	63.23	21.35	52.00	3.85	85	1
Hind Lever (10)	12/86	93.32	71.90	17.70	85.00	106.00	82.00	41.87	20.30	34.00	4.00	83	3
Lakme (10)	06/86	1.83	5.18	38.31	110.00	141.25	92.50	80.87	13.60	25.00	2.27	85	2
Oswal Agro (10)	06/85	2.87	6.77	33.59	120.00	147.50	72.50	91.99	13.05	32.00	2.67		
Ponds (10)	06/87	2.94	11.54	49.25	337.50	405.00	222.50	122.79	27.49	40.00	1.19	84	1
Tomco (25)	03/87	6.34	18.21	96.81	96.00	104.00	72.00	20.35	18.87	15.00	3.91	81	2
COTT & WOL TEXT		**92.08**	**264.05**		**495.89***			**51.98**	**8.86**		**4.28**		
Ahm Calico (125)	06/86	13.56	22.74	334.62	54.00	97.00	51.00	-59.59	00.00	0.00	0.00	77	1
Bom Dyeing (25)	03/87	11.24	40.01	113.99	91.00	143.00	40.50	83.10	4.38	8.80	2.42	79	1
Khatau Spg (100)	12/86	3.37	10.74	418.69	145.00	312.50	125.00	5.34	27.15	10.00	6.90	79	1
Madura Cots (10)	06/86	21.81	30.21	23.85	62.00	74.00	58.00	64.83	9.56	25.00	4.03	86	1
Mafat Fine (100)	03/87	6.48	16.38	352.78	225.00	300.00	200.00	41.36	5.44	17.00	7.56		
Mafat Ind (125)	03/87	8.10	40.71	753.24	292.50	420.00	292.50	79.88	2.93	1.76	0.75	78	1
Morarjee (10)	06/86	4.20	8.95	31.31	300.00	550.00	290.00	110.71	27.10	200.00	6.67	81	1
Raymond (10)	03/87	11.24	53.80	57.86	102.00	109.00	24.00	101.16	10.08	25.00	2.45	82	3
Shri Dinesh (100)	06/85	1.03	7.94	870.87	700.00	999.00	320.00	217.48	3.22	20.00	2.86	76	1
Stan Mills (100)	12/86	11.05	32.57	394.75	250.00	532.50	240.00	44.07	5.67	16.00	6.40	82	2
DIVERSIFIED		**223.35**	**642.82**		**1299.69***			**48.23**	**11.64**		**17.43**		
Ahmed Adv (100)	06/86	3.46	3.18	191.91	135.00	180.00	00.00	32.95	4.10	0.00	0.00	81	1
Century (100)	12/86	26.62	117.19	540.23	615.00	750.00	600.00	59.95	10.26	20.00	3.25		2
D.C.M. (10)	06/86	23.02	52.50	32.81	31.00	41.00	24.25	23.85	13.00	800.00	258.06		
EID-Parry (10)	06/86	6.28	4.31	16.86	28.25	29.00	16.25	16.72	16.90	10.00	3.54		0
Escorts (10)	12/86	13.38	62.38	56.62	42.00	60.00	35.00	60.84	6.90	22.00	5.24	86	1
Forbs Camp (10)	06/86	4.25	3.83	19.01	43.00	60.00	30.00	22.82	18.84	20.00	4.65	82	2
Hind Devel (10)	12/86	8.20	72.15	97.99	84.00	97.00	67.00	91.95	9.14	20.00	2.38	86	1
Hyd. Allwyn (10)	07/86	18.51	8.93	14.82	9.25	15.00	5.00	15.24	6.07	14.00	15.14		
Kesoram (10)	03/87	8.85	51.42	68.10	56.00	62.00	44.00	80.79	6.93	100.00	17.86	80	1
L & T (10)	09/86	51.97	132.36	35.47	104.00	107.00	67.00	59.01	17.62	17.00	1.63	86	3
Lohia (10)	10/86	13.50	8.64	16.40	13.00	34.00	11.00	34.74	3.74	20.00	15.38	80	4
Mac & Mag (10)	06/86	2.74	8.56	41.24	44.00	44.75	32.75	16.42	26.79	7.00	1.59		
Modi Ind (10)	03/85	2.17	14.90	64.84	29.00	31.50	17.00	162.67	1.78	18.00	6.21	69	1
Rallis (100)	05/86	5.64	16.58	393.97	850.00	900.00	500.00	76.42	11.12	25.00	2.94	77	3 :
Reck & Col (10)	01/87	4.20	9.13	31.74	205.00	222.00	147.00	99.05	20.70	25.00	1.22	85	2
Straw Prod (10)	12/86	10.14	32.68	42.23	41.00	57.00	39.00	63.21	6.49	20.00	4.88	72	1
Texmaco (10)	12/86	1.87	11.06	69.14	21.25	27.25	14.25	–208.58	0.00	0.00	0.00		
Voltas (100)	08/86	12.78	21.36	267.14	330.00	345.00	200.00	24.41	13.52	10.00	3.03	81	1
Zenith (10)	06/86	5.77	14.66	35.41	59.00	72.00	41.00	69.67	8.47	30.00	5.08	79	1
DYESTUFFS		**16.55**	**25.74**		**69.48***			**33.53**	**12.52**		**3.90**		
Coates (10)	10/85	1.11	1.75	25.77	60.00	60.00	00.00	45.05	13.32	21.00	3.50	88	1
Col-Chem (100)	03/87	7.94	10.84	236.52	470.00	535.00	465.00	42.44	11.07	18.00	3.83		
Ind Dyest (100)	03/87	7.50	13.15	275.33	340.00	375.00	165.00	22.40	15.18	14.00	4.12	80	1
ELECTRICALS		**81.59**	**191.49**		**397.49***			**32.47**	**13.88**		**3.03**		
Asea (10)	12/86	3.00	4.18	23.93	45.00	100.00	44.00	16.67	27.00	15.00	3.33	80	1
Asian Cab (100)	12/86	3.03	5.00	265.02	570.00	700.00	230.00	42.24	13.49	17.00	2.98	81	1
Best & Crom (10)	12/86	4.50	17.45	48.78	36.00	57.00	28.00	20.22	17.80	15.00	4.17	82	3
Eng Elec (10)	03/87	4.50	17.83	49.62	131.00	138.00	60.00	87.33	15.00	27.50	2.10	80	1
GEC (10)	03/87	7.20	16.94	33.53	37.00	66.25	36.60	24.17	15.31	10.00	2.70	72	2
Genelec (10)	06/86	2.16	4.06	28.80	65.00	247.50	55.00	90.28	7.20	25.00	3.85	84	1
Hind Brown (100)	04/87	4.00	11.26	381.50	230.00	420.00	230.00	45.75	5.03	16.00	6.96	78	1
Math & Platt (10)	06/86	6.40	5.67	18.86	100.00	117.50	65.00	49.38	20.25	17.00	1.70	86	1
Punj Anand (10)	09/86	1.19	22.00	194.87	5.50	10.50	5.50	-170.59	0.00	5.10	9.27		
Siemens (10)	9/86	10.80	32.74	40.31	93.00	112.00	68.00	39.26	23.69	16.00	1.72	82	1
Stand Batt (100)	06/85	1.02	4.56	547.06	500.00	500.00	500.00	114.71	4.36	18.00	3.60	70	1
Uni Carb (10)	12/86	32.58	37.21	21.42	20.50	23.00	12.00	20.99	9.76	12.00	5.85	80	1
W.S. Insul (10)	09/85	1.57	12.59	90.19	30.00	36.00	27.00	69.43	4.32	18.00	6.00		
ELECTRICITY		**63.00**	**293.86**		**111.78***			**30.32**	**1.96**		**9.13**		
Ahmd Elec (100)	03/87	15.24	64.75	524.87	175.00	175.00	132.00	55.64	3.15	16.00	9.14		
And Valley (100)	03/86	9.32	25.72	375.97	160.00	192.50	155.00	19.10	8.38	16.00	10.00	75	
B.S.E.S. (100)	03/86	5.85	56.21	1060.85	152.50	190.00	137.50	108.38	1.41	18.00	11.80	81	
Cal Elec (10)	03/86	8.44	54.96	75.12	16.30	16.40	13.20	111.85	1.46	16.00	9.82		
Tata Hydro (100)	03/86	6.55	18.38	380.61	161.25	200.00	157.50	18.63	8.66	16.00	9.22	75	1
Tata Power (100)	03/87	17.60	73.84	519.55	210.00	310.00	195.00	168.41	1.25	16.00	7.62	75	1
ELECTRONICS		**45.64**	**33.43**		**180.98***			**-5.72**	**0.00**		**2.62**		
Gramophone (10)	03/85	1.80	–2.81	–5.61	7.50	11.50	5.87	-262.78	0.00	0.00	0.00	76	
Nelco (100)	12/86	3.18	0.24	107.55	130.00	131.25	60.00	–39.31	0.00	0.00	0.00		
Peico (10)	12/86	33.32	31.40	19.42	43.00	57.50	36.00	1.41	304.84	10.00	2.33	82	
Samtel (10)	12/86	3.03	3.62	21.95	82.50	92.50	13.75	74.26	11.11	25.00	3.03		
Usha Rect (10)	12/86	4.31	0.98	12.27	16.75	24.50	9.85	15.08	11.11	15.00	8.96	83	
ENGINEERING		**144.29**	**238.11**		**987.21***			**32.19**	**16.47**		**1.86**		
Alfa Laval (10)	12/86	5.21	13.21	35.36	72.50	77.50	45.00	38.58	18.79	16.00	2.21	86	
Andrew Yule (10)	03/86	7.53	12.45	26.53	22.00	24.50	16.00	31.08	7.08	10.00	4.55	67	
Atlas Copco (10)	12/85	4.83	8.53	27.66	64.00	156.00	63.00	43.27	14.79	16.00	2.50	82	
Avery India (10)	12/85	4.20	5.62	23.38	132.00	167.00	112.00	59.52	22.18	35.00	2.65		
C.P. Tools (10)	01/87	4.57	7.57	265.65	840.00	930.00	370.00	50.77	16.55	18.00	2.14	82	
Elecon Engg (10)	12/86	3.53	25.13	81.19	78.50	125.00	57.00	118.98	6.60	22.00	2.80	81	
Facit Asia (10)	06/86	1.91	2.17	21.36	32.00	36.00	00.00	45.55	7.03	15.00	4.69	86	

Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: yea
*** market capitalisation in Rs crores.**

Company (Face value)	Year ended	Eq (Rs in crores)	Res	Book value (Rs.)	Market Price (Rs.) on 11.9.87	1987		EPS (%)	PE (times)	Last div (%)	Yield (%)	Last bonus	
						High	Low					Yr	Ratio
akt (10)	12/86	3.40	2.05	16.03	62.50	267.50	10.88	35.88	17.42	18.00	2.88	86	1 : 3
KW (10)	12/86	24.06	20.60	18.56	8.75	15.40	8.75	2.16	40.49	5.00	5.71	83	1 : 3
EC (10)	09/85	0.74	1.70	32.97	7.50	19.50	7.50	20.27	3.70	12.00	16.00	853 : 5	
d Sewing (10)	06/86	2.00	7.43	47.15	70.00	80.00	48.75	327.00	2.14	20.00	2.86		
ger Rand (10)	12/86	7.90	13.25	26.77	347.50	365.00	265.00	97.09	35.79	25.00	0.72	85	1 : 1
elvinator (10)	06/86	3.55	17.59	59.55	40.00	54.00	32.00	94.93	4.21	15.00	3.75	84	1 : 1
irl Cumm (100)	09/86	13.20	45.67	445.98	52.50	97.50	40.00	60.98	0.86	20.00	38.10	83	1 : 1
irl Oil (10)	06/86	5.75	12.98	32.57	18.00	20.50	13.00	59.83	3.01	12.50	6.94		
irl Pneu (10)	09/85	3.85	3.37	18.75	16.00	17.00	9.00	3.64	44.00	0.00	0.00		
SB Pumps (10)	12/86	4.36	7.62	27.48	395.00	405.00	220.00	117.20	33.70	20.00	00.51	86	1 : 1
letalbox (10)	03/86	12.23	6.67	15.45	9.00	17.00	8.00	11.53	7.81	0.00	0.00		
lodi Xerox (10)	04/86	12.48	0.00	10.00	24.00	27.00	12.00	-48.00	0.00	0.00	0.00		
tis (10)	11/86	5.04	7.05	23.99	235.00	250.00	155.00	56.35	41.70	22.50	0.96	85	1 : 1
em Rand (10)	03/86	2.67	3.78	24.16	33.00	37.00	21.00	35.58	9.27	10.00	5.42	86	1 : 2
andvik (100)	12/86	5.77	5.13	188.91	900.00	1010.00	745.00	27.90	32.25	20.00	2.22	84	1 : 1
ata Robins (10)	03/87	2.01	3.21	25.97	40.00	47.00	26.00	29.85	13.40	16.00	4.00	77	1 : 4
alchand (10)	03/86	3.50	5.33	25.23	14.00	21.00	11.00	-214.86	0.00	16.00	11.43	82	1 : 2
ERTILISERS		**203.03**	**442.53**		**781.36***			**71.96**	**5.35**		**4.82**		
oromandel (10)	03/86	16.21	47.96	39.59	28.00	65.00	28.00	62.80	4.46	20.00	7.14		1 : 2
eepak Fert (10)	12/86	11.50	5.32	14.63	34.00	46.50	33.00	58.78	5.78	15.00	4.41		
haram Mor (50)	12/86	6.42	10.20	25.89	27.50	36.00	23.00	25.70	10.70	20.00	7.27		
NFC (10)	06/86	88.98	93.05	20.46	30.25	60.50	28.75	81.42	3.72	18.00	5.95		
SFC (10)	12/86	21.07	149.14	80.78	93.00	183.50	71.00	109.07	8.53	27.00	2.90	83	1 : 4
angal Fert (10)	12/86	12.42	13.87	21.17	22.00	39.50	20.50	87.44	2.52	12.00	5.45		
PIC (10)	12/86	34.00	74.84	32.01	33.00	56.00	31.75	36.94	8.93	15.00	4.55	86	1 : 1
uari Agro (10)	12/86	12.43	48.15	48.74	60.00	88.00	56.00	69.75	8.60	25.00	4.17		
OOD PRODUCTS		**50.20**	**120.83**		**816.61***			**93.82**	**17.34**		**1.83**		
itannia (10)	11/86	8.85	19.59	32.14	107.50	135.00	83.00	83.16	12.93	27.00	2.51	87	2 : 5
orn Prod (10)	9/86	0.75	1.09	24.53	32.50	65.00	21.25	65.33	4.97	14.00	4.31	78	1 : 4
ood Spec (10)	12/86	19.08	14.36	17.53	165.00	190.00	112.50	54.56	30.24	32.50	1.97	86	1 : 1
nd Cocoa (10)	06/86	4.20	8.17	29.45	232.50	262.50	168.75	79.52	29.24	28.00	1.20	85	2 : 3
MM (10)	04/87	7.09	25.29	45.67	312.50	330.00	202.50	298.87	10.46	55.00	1.76	85	3 : 8
cDowell (10)	06/86	6.40	37.02	67.84	100.00	110.00	20.75	22.03	45.39	10.00	1.00	86	1 : 1
ilk Food (10)	12/85	0.57	3.31	68.07	107.50	145.00	35.00	131.58	8.17	15.00	1.40		
ol Brew (10)	06/87	1.26	2.03	26.11	45.00	62.50	30.00	65.87	6.83	20.00	4.44	82	2 : 5
nited Brew (10)	06/86	2.00	9.97	59.85	46.00	47.00	27.50	66.00	6.97	10.00	2.17	75	1 : 1
ON & STEEL		**132.03**	**450.12**		**816.20***			**92.78**	**6.62**		**3.05**		
har Alloy (10)	12/86	7.00	10.90	25.57	13.75	18.00	9.00	-11.43	0.00	0.00	0.00		
itata (10)	00/00	12.00	0.00	10.00	14.50	90.00	12.00	0.00	0.00	0.00	0.00		
ndal Iron (10)	09/86	1.68	0.22	11.31	15.00	21.00	8.00	7.14	21.00	10.00	6.67		
alyani Steel (10)	08/86	1.12	6.27	65.98	285.00	317.00	110.00	222.32	12.82	25.00	0.88	83	1 : 1
ah Ugine (10)	06/86	7.30	14.38	29.70	70.00	71.00	27.00	57.40	12.20	15.00	2.14		
ukand (10)	6/86	9.83	9.17	19.33	85.00	89.50	62.00	51.68	16.45	15.00	1.76	0.00	0 : 0
athi Alloys (10)	06/86	2.88	4.11	24.27	15.00	17.50	8.00	46.53	3.22	10.00	6.67		
pec Steel (100)	12/86	7.59	3.98	152.44	710.00	890.00	270.00	139.13	5.10	12.00	1.69		
sco (100)	03/87	82.63	401.09	585.40	680.00	810.00	590.00	120.44	5.65	25.00	3.68	82	2 : 5
EASING & FIN		**31.56**	**26.38**		**57.18***			**45.60**	**3.97**		**11.49**		
th Cent (10)	11/86	6.34	10.86	27.13	20.00	35.00	16.00	59.78	3.35	27.00	13.50	85	2 : 5
fco (10)	00/00	4.00	0.00	10.00	7.50	11.00	6.00	0.00	0.00	0.00	0.00		
rst Leas (10)	11/85	1.25	2.89	33.12	15.50	27.50	14.00	89.60	1.73	21.00	13.55		
azda Leas (10)	06/87	4.32	2.32	15.37	18.00	31.00	14.00	45.37	3.97	25.00	13.89		
agarju Fin (10)	09/86	2.44	1.92	17.87	11.00	16.00	10.00	54.92	2.00	23.00	20.91		
ess Leas (10)	09/86	2.46	1.66	16.75	13.00	18.00	9.50	50.41	2.58	23.00	17.69		
oss Mur (10)	06/86	4.75	2.49	15.24	16.00	31.00	12.50	46.32	3.45	25.00	15.62		
und Fin (10)	12/85	6.00	4.24	17.07	30.50	35.00	28.25	45.67	6.68	20.00	6.56	86	1 : 1
AINTS		**12.86**	**34.63**		**169.04***			**105.68**	**12.44**		**2.21**		
sian Paints (10)	12/86	8.30	28.16	43.93	171.25	280.00	170.00	138.80	12.34	35.00	2.04	85	3 : 5
arwa Paints (10)	06/86	1.32	2.09	25.83	32.00	34.00	26.00	44.70	7.16	14.00	4.38	81	1 : 4
ood Nerol (10)	06/86	3.24	4.38	23.52	70.00	100.00	37.50	45.68	15.32	20.00	2.86	78	5 : 7
APER		**37.10**	**137.80**		**131.78***			**80.51**	**4.41**		**5.69**		
dh Paper (100)	06/86	5.62	11.25	300.18	70.00	160.00	70.00	43.24	1.62	16.00	22.86	80	1 : 4
lkrishna (10)	03/87	1.20	5.72	57.67	88.75	115.00	82.50	198.33	4.47	22.00	2.48	85	1 : 1
llarpur Ind (10)	06/86	13.98	69.64	59.81	46.00	61.00	44.00	106.80	4.31	22.00	4.78	81	1 : 5
adrachal (10)	09/86	10.57	12.65	21.97	33.50	54.00	29.00	65.18	5.14	20.00	5.97		
ient (10)	03/86	5.73	38.54	77.26	30.50	74.00	30.50	56.54	5.39	20.00	6.56	77	1 : 2
ESTICIDES		**9.24**	**8.94**		**22.78***			**-32.36**	**0.00**		**2.85**		
cel Ind (10)	09/86	4.62	6.78	24.68	22.50	30.00	14.50	10.39	21.66	10.00	4.44	84	4 : 5
om (10)	09/86	0.64	2.04	41.88	150.00	175.00	86.25	237.50	6.32	30.00	2.00	87	1 : 1
lhrho (10)	09/85	3.98	0.12	10.30	7.00	7.00	0.00	-125.38	0.00	0.00	0.00		
HARMACEUTICALS		**143.22**	**249.74**		**935.01***			**38.88**	**16.48**		**2.31**		
bot Lab (10)	11/86	2.25	1.78	17.91	55.00	72.50	44.00	-45.78	00.00	00.00	0.00		
embic Ch (100)	05/86	3.45	6.49	288.12	150.00	200.00	90.00	-42.90	3.50	15.00	10.00		
nbalal Sar (10)	06/85	22.19	30.50	23.68	15.50	19.00	6.75	45.74	3.39	0.00	0.00	81	1 : 5
tra Idl (10)	06/86	2.50	1.43	15.72	42.00	57.00	31.00	28.80	14.58	10.00	2.38		
ehringer (10)	04/86	1.00	1.20	22.00	50.00	60.00	32.00	69.00	7.25	10.00	2.00		
ots (10)	12/86	4.05	8.98	32.17	135.00	155.00	91.25	76.30	17.69	32.00	2.37	84	3 : 5
rroughs (10)	08/86	3.00	11.33	47.77	68.75	103.75	50.00	55.00	12.50	25.00	3.64	842 : 1	
Merck (10)	12/86	4.40	2.89	16.57	71.25	81.50	15.94	37.95	18.77	15.00	2.11	86	3 : 5
kayef (10)	11/86	5.00	12.22	34.44	188.75	247.50	163.75	102.40	18.43	25.00	1.32		
rman Rem (10)	12/85	3.26	3.36	20.31	45.00	63.00	30.00	18.40	24.45	14.00	3.11	82	3 : 5
axo (10)	06/86	20.00	26.48	23.24	68.00	82.00	49.00	14.75	46.10	18.00	2.65	80	1 : 3
nd Ciba (100)	12/86	17.71	28.53	261.10	420.00	490.00	355.00	29.59	14.20	18.00	4.29	80	1 : 2
echst (100)	12/86	9.58	24.99	360.86	580.00	940.00	440.00	27.14	21.37	20.00	3.45	82	1 : 2
yant Vit (10)	06/85	1.35	2.68	29.85	87.50	112.50	60.00	201.48	4.34	15.00	1.71		
ax India (10)	09/86	2.00	0.28	11.40	42.00	49.00	27.00	46.00	9.13	15.00	3.57		
ay & Baker (10)	12/86	4.50	6.06	23.47	45.50	69.00	27.00	11.56	39.37	5.00	1.10		
erind (10)	12/85	1.80	1.49	18.28	43.00	52.50	28.50	12.22	35.18	10.00	2.33		
cholas Lab (10)	06/86	1.46	1.64	21.23	56.00	67.50	32.50	13.70	40.88	15.00	2.68		
rke Davis (10)	11/86	3.36	3.79	21.28	46.25	66.00	35.00	37.80	12.24	25.00	5.41		
Pfizer (10)	11/86	11.72	16.22	23.84	75.00	93.00	38.00	2.90	258.53	10.00	1.33	77	4 : 5
Ranbaxy (10)	12/86	3.07	12.49	50.68	90.00	135.00	71.00	83.71	10.75	20.00	2.22	80	1 : 1
Rich Hind (10)	06/86	3.71	4.30	21.59	295.00	340.00	210.00	79.78	36.97	40.00	1.36	85	1 : 2
Sandoz (10)	12/86	4.50	16.40	46.44	90.00	140.00	57.60	55.78	16.14	16.00	1.78	84	2 : 7
Searle (10)	12/86	3.48	13.02	47.41	95.00	240.00	85.00	109.20	8.70	20.00	2.11	86	1 : 1
Unichem (100)	09/85	0.90	7.93	981.11	39.00	45.00	32.00	92.22	0.42	20.00	51.28	80	1 : 4
Warner Hind (10)	11/86	2.98	3.41	21.44	50.00	90.00	44.00	63.76	7.84	25.00	5.00		3 : 10
PLASTICS		**18.71**	**34.12**		**127.66***			**56.60**	**12.05**		**2.84**		
Bajaj Plas (10)	12/86	1.50	4.75	41.67	30.00	67.50	28.00	72.00	4.17	20.00	6.67	86	1 : 1
Bake Hylam (10)	06/87	4.50	7.92	27.60	25.00	37.00	22.00	23.78	10.51	16.00	6.40	80	2 : 3
Garwa Plas (10)	06/86	5.81	11.83	30.36	94.00	103.00	69.00	71.77	13.10	20.00	2.13		
Sup Indus (100)	06/86	0.90	4.61	612.22	4200.00	4600.00	1700.00	218.89	19.19	27.00	0.64	86	4 : 5
V.I.P. Ind (10)	07/86	6.00	5.01	18.35	32.50	61.50	26.00	38.33	8.48	20.00	6.15		0 : 0
SHIPPING		**83.34**	**56.75**		**168.13***			**54.27**	**3.72**		**10.39**		
Dempo St (100)	06/85	2.00	9.83	391.50	65.00	65.00	65.00	00.00	0.00	0.00	0.00		
Essar Ship (10)	12/86	24.65	31.83	22.91	22.00	35.50	17.50	30.39	7.24	20.00	9.09		
Great East (10)	06/86	31.94	27.67	18.66	32.25	35.50	16.75	22.17	14.55	12.00	3.72	83	2 : 3
India Steam (10)	03/87	5.81	3.77	16.47	5.10	7.00	5.00	20.83	2.45	150.00	294.12		
Scindia (10)	06/86	18.94	3.31	11.75	3.50	7.75	2.75	155.49	0.23	0.00	0.00	77	2 : 5
SYNTHETIC TEXT		**205.22**	**726.03**		**1306.38***			**51.63**	**11.53**		**3.35**		
Baroda Ray (100)	12/85	12.14	21.96	280.89	192.50	270.00	177.00	39.13	4.92	18.00	9.35	82	1 : 2
Bharat Com (10)	12/85	3.75	4.90	23.07	15.25	17.75	00.00	17.07	8.94	0.00	0.00	82	1 : 2
Cen Enka (100)	12/86	11.86	78.76	764.08	950.00	1175.00	815.00	89.12	10.66	34.00	3.58	85	1 : 2
Garware Nyl (10)	08/86	9.72	16.53	27.01	23.00	36.00	20.50	14.40	15.97	15.00	6.52	82	1 : 2
Grasim (10)	03/87	21.59	100.81	56.69	104.00	118.00	80.00	40.20	25.87	24.00	2.31		
Indian Rayon (10)	06/87	6.87	43.32	73.06	65.00	77.00	50.00	65.79	9.88	28.00	4.31	80	1 : 4
IOC (10)	03/87	12.46	25.18	30.21	34.25	78.00	33.00	43.10	7.95	15.00	4.38	85	1 : 2
J.K. Synth (10)	03/86	25.25	91.83	46.37	53.00	93.50	39.50	162.81	3.26	20.00	3.77	83	1 : 3
Nat Ray (100)	06/86	6.01	5.39	189.68	60.00	100.00	50.00	-121.96	0.00	0.00	0.00	72	1 : 4
Nirlon (10)	09/85	10.46	24.01	32.95	8.75	26.00	7.75	25.81	3.39	22.50	25.71	82	1 : 2
Orkay (10)	03/86	16.15	26.74	26.56	33.50	115.00	29.50	48.61	6.89	20.00	5.97		
Reliance (10)	12/86	51.61	254.12	59.24	109.50	277.00	109.50	27.46	39.88	25.00	2.28	83	3 : 5
S.I. Viscose (100)	03/87	7.35	12.31	267.48	400.00	470.00	245.00	79.73	5.02	20.00	5.00	76	1 : 2
Shriram Fib (10)	09/86	6.10	14.25	33.36	30.00	36.00	20.00	49.34	6.08	18.00	6.00	83	1 : 2
Swad Poly (10)	09/85	3.90	5.92	25.18	43.00	80.00	40.00	67.95	6.33	25.00	5.81		
TEA		**94.15**	**261.69**		**807.67***			**76.34**	**11.24**		**2.87**		
Assam Co (10)	06/85	7.00	10.12	24.46	132.00	134.00	64.50	143.43	9.20	32.50	2.46	85	1 : 1
Assam Front (10)	06/86	3.00	4.93	26.43	92.00	94.00	23.75	50.67	18.16	30.00	3.26		
Bom Burm (100)	09/85	5.52	16.73	403.08	460.00	505.00	225.00	78.08	5.89	25.00	5.43	78	1 : 4
Brooke Bond (10)	06/86	12.86	26.25	30.41	102.50	112.00	76.00	86.24	11.89	0.00	0.00		3 : 5
Dom Dooma (10)	12/86	3.50	9.99	38.54	92.00	92.00	54.50	80.29	11.46	40.00	4.35	84	1 : 1
Dun Agro (100)	12/85	2.03	12.51	716.26	267.00	267.00	153.00	116.26	2.30	30.00	11.24		
George Will (10)	06/86	6.30	17.12	37.17	93.00	107.50	79.00	44.92	20.70	27.50	2.96	85	4 : 5
Goodrickes (10)	06/86	3.60	18.51	61.42	102.00	114.00	37.00	137.50	7.42	65.00	6.37		
Harrison Mal (10)	03/87	6.50	15.42	33.72	60.00	61.00	41.00	60.92	9.85	25.00	4.17	85	1 : 1
Jayashree (10)	03/86	6.15	41.00	76.67	41.00	59.50	34.00	12.20	33.62	13.00	3.17	85	1 : 2
Lipton (10)	06/86	15.75	5.02	13.19	70.00	79.50	57.00	39.56	17.70	15.00	2.14		
McLeod Russ (10)	06/86	3.12	18.03	67.79	103.00	200.00	83.00	194.23	5.30	70.00	6.80	84	1 : 4
Tata Tea (10)	12/86	10.52	44.69	52.48	116.00	132.50	89.00	80.32	14.44	30.00	2.59	79	1 : 3
Tea Estates (10)	06/86	4.40	12.17	37.66	103.00	104.00	50.50	75.00	13.73	35.00	3.40	85	1 : 1
Warren Tea (10)	03/87	3.90	9.20	33.59	60.50	70.00	50.00	82.31	7.35	22.50	3.72	85	1 : 5
TRADING		**17.35**	**39.62**		**131.17***			**73.14**	**10.34**		**2.93**		
Batliboi (10)	09/85	1.56	3.49	32.37	18.25	26.50	17.00	39.10	4.67	8.00	4.38		0 : 0
Blow Plast (10)	07/86	1.00	1.69	26.90	161.25	175.00	92.50	57.00	28.29	25.00	1.55	83	2 : 3
Blue Star (10)	06/86	2.22	6.53	39.41	52.50	102.50	47.50	100.00	5.25	22.00	4.19	83	3 : 5
Grea Cott (100)	06/86	6.57	14.11	314.76	270.00	270.00	230.00	71.84	3.76	18.00	6.67	77	1 : 2
Shaw Wal (10)	06/85	6.00	13.80	33.00	138.00	170.00	104.00	76.17	18.12	30.00	2.17	81	1 : 2
TYRES & TUBES		**71.50**	**145.98**		**472.43***			**72.32**	**9.14**		**2.21**		
Apollo Tyres (10)	10/86	7.75	0.65	10.84	36.00	40.00	12.00	120.13	3.00	0.00	0.00		
Ceat (100)	06/86	9.31	59.40	73.80	71.00	72.00	45.00	73.15	9.71	21.00	2.96	86	1 : 2
Dunlop (10)	12/85	18.98	29.76	25.68	93.00	100.00	70.00	46.58	19.97	11.50	1.24		
Goodyear (10)	12/86	7.46	11.56	25.50	77.00	85.00	67.00	149.06	5.17	25.00	3.25	77	2 : 5
J.K. Ind (10)	06/86	13.76	2.20	11.60	37.00	41.00	28.00	73.04	5.07	10.00	2.70		
Modi Rubber (10)	04/86	10.38	27.66	36.65	47.00	51.00	33.00	26.30	17.87	20.00	4.26	86	2 : 5
MRF (10)	09/86	3.86	14.75	48.21	116.00	125.00	63.00	73.83	15.71	25.00	2.16	75	1 : 2
MISCELLANEOUS		**92.11**	**174.67**		**484.74***			**49.38**	**10.58**		**3.38**		
Bata (10)	12/86	5.25	13.20	35.14	69.00	157.00	69.00	43.05	16.03	20.00	2.90	84	2 : 5
Bharat Forge (10)	09/86	4.96	19.15	48.61	121.00	136.00	63.00	97.78	12.37	25.00	2.07	81	1 : 1
Consol Cof (10)	06/86	5.01	8.00	25.97	57.00	67.50	43.00	48.90	11.66	22.00	3.86	82	1 : 2
E.I. Hotels (10)	03/87	17.34	27.44	25.82	50.00	58.00	41.00	56.40	8.87	20.00	4.00	84	2 : 5
F.G.P. (10)	03/87	3.27	6.24	29.08	63.75	75.00	25.50	88.69	7.19	20.00	3.14	79	1 : 2
Hawk Cook (10)	09/86	1.84	1.86	20.11	21.00	37.00	16.00	36.96	5.68	20.00	9.52	81	3 : 5
Indag Rub (10)	06/85	2.72	0.15	10.55	14.50	16.50	7.00	-12.50	00.00	0.00	0.00		
Ind Foils (10)	06/86	2.62	5.59	31.34	82.50	150.00	58.00	69.08	11.94	21.30	2.58	82	1 : 4
Ind Cards (10)	03/86	3.25	2.42	17.45	26.50	30.00	18.50	35.38	7.49	20.00	7.55	81	1 : 2
Ind Hotels (10)	03/87	7.85	34.72	54.23	120.00	132.50	62.50	81.27	14.76	30.00	2.50	82	2 : 5
Ind Photo (10)	12/86	1.00	1.98	29.80	80.00	130.00	37.50	37.00	21.62	20.00	2.50	83	1 : 1
Light Met Ind (10)	00/00	6.14	0.00	10.00	13.12	25.63	12.37	0.00	00.00	0.00	0.00		
Tata Press (10)	03/86	1.25	3.74	39.92	80.00	92.00	70.00	77.60	10.31	25.00	3.12		
Tinplate (10)	03/87	10.14	6.40	16.31	26.00	34.00	20.75	29.09	8.94	10.00	3.85		
Tube Inv (10)	12/86	5.73	18.88	42.95	27.50	34.00	24.00	38.57	7.13	16.00	5.82	85	1 : 3
United Diam (10)	06/85	1.63	1.80	21.04	7.00	18.00	6.00	45.40	1.54	25.00	35.71		
Widia (100)	12/86	3.66	8.64	336.07	800.00	900.00	600.00	59.56	13.43	15.00	1.88	85	1 : 1
Wimco (10)	12/86	8.45	14.46	27.11	25.50	57.00	25.00	48.99	5.20	18.00	7.06	70	1 : 5
Market total/average		**2800.13**	**6330.73**		**15,840.37***			**51.69**	**10.44**		**4.39**		

**te: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
narket capitalisation in Rs crores.**

**Note: Eq: equity capital; Res: reserves; EPS: earnings per share; PE: price to earnings; Div: dividend; Yr: year;
* market capitalisation in Rs crores.**

DATA COMPILED AND UPDATED WITH THE HELP OF OM PRAKASH SEHGAL

Debentures

Amount outstanding (Rs lacs)	Issue Price Rs	Description (% Name of company)	Last Business done		Yield %	Interest Due Date	Redemption date
			Rate	Date			
1.	2.	3.	4.	5.	6.	7.	8.
140	100	13.5 Asea Ltd.,	85.00	4.9.87	15.8	—	1990/91
522	64	13.5 Ashok Leyland	56.00	3.9.87	15.4	31.3, 30.9	1992/96
668	64	13.5 Ashok Leyland Con III B	56.00	7.9.87	15.4	31.3, 30.9	1996
1000	100	15.0 Ashok Leyland	95.00	3.9.87	15.7	31.3, 30.9	1997
10.40	160	13.5 Andhra Cement	132.50	10.9.87	16.3	31.3, 30.9	—
409	100	13.5 Batliboi & Co	93.00	11.9.87	16.1	30.4, 31.10	1993/95
1000	200	13.5 Birla Jute	187.50	3.9.87	14.4	31.3, 30.9	1992/96
400	120	13.5 Bombay Dyeing	107.50	5.6.87	15.0	31.3, 30.9	1990
400	100	15.0 Blue Blend	98.00	12.9.87	15.3	31.3, 30.9	1992/95
200	150	13.5 Dunlop	135.00	11.9.87	15.0	15.1, 15.7	1990/97
600	80	13.5 El Hotels Con.	165.00	11.9.87	6.5	—	1989/92
248	45	13.5 Elecon Engg	40.00	11.9.87	15.1	30.6, 31.12	1991/93
300	100	13.5 Essar Shipping	83.00	11.9.87	16.2	—	—
268	250	13.5 Ferro Alloys	225.00	10.9.87	15.0	30.6, 31.12	1988/91
559	110	13.5 Ferro Alloys	97.00	11.9.87	15.3	30.6, 31,12	1988/91
168	100	13.5 FGP	90.00	27.8.87	15.0	31.3, 30.9	1990/92
600	100	13.5 Forbeś Forbes	97.00	11.9.87	13.9	1.4, 1.10	1994
1114	150	13.5 GKW	136.00	12.8.87	14.8	1.4, 1.10	1990/94
2250	120	13.5 Grasim Ind	116.00	11.9.87	13.9	31.3	1990/94
350	350	13.5 Gujarat Steel	300.00	3.9.87	15.7	30.6, 31.12	1990/92
700	140	13.5 Gujarat Alkali	127.50	11.9.87	14.8	27:2, 31.8	1990/93
1277	100	13.5 Great Eastern	145.00	6.2.87	9.3	1.3, 1.9	1991
383	100	15.0 Hoechst India	102.50	11.9.87	14.6	1.5, 1.11	1991
1125	75	13.5 Indian Hotels	67.50	11.9.87	15.0	1.4, 1.10	1991
298	80	13.5 Indian Organic	70.00	6.4.87	15.4	31.3, 30.9	1990/94
800	80	12.0 Indian Rayon	65.00	11.9.87	14.7	30.6, 31.12	1989/93
1600	112	13.5 Indian Rayon	102.00	27.8.87	14.8	30.6	1991/95
1875	120	13.5 J K Synthetic	105.00	11.9.87	15.4	31.3, 30.9	1989/92
150	75	13.5 Jyoti	62.50	11.8.87	16.2	31.3, 30.9	1989/91
300	100	15.0 Kalyani Steel	90.00	20.8.87	16.6	1.4, 1.10	1991
640	64	13.5 Kothari Ind	50.00	31.8.87	17.2	1.4, 1.10	1989/92
360	60	13.5 Larsen & Toubro	57.50	10.9.87	14.0	30.4	1990/94
828	115	13.5 Lohia Machines	75.00	10.9.87	27.0	30.4	1992/94
300	100	15.0 May & Baker	100.00	10.9.87	15.0	10.6, 31.12	1990
438	125	13.5 Mukand Iron	110.00	11.9.87	15.3	1.1, 1.7	1992
480	400	12.0 Raymond Woollen	325.00	11.9.87	14.7	1.4, 1.10	1989/93
5333	100	13.5 Reliance E Series	84.50	11.9.87	15.9	—	1994/96
2700	100	15.0 Reliance F Series	96.00	11.9.87	15.6	—	1992
250	70	13.5 Ross Murarka	47.50	11.9.87	19.8	30.6, 31.12	1992
2768	289.30	11.0 Telco 'B' Series	450.00	11.9.87	7.0	1.4, 1.10	1987
2000	200	13.5 Tata Steel	207.50	11.9.87	13.0	1.4, 1.10	1992
200	150	13.5 Voltas	135.00	2.9.87	15.0	30.6, 31.12	1991
900	300	15.0 Voltas	280.00	3.9.87	16.0	28.2, 31.8	1991

*Note: * Debentures yet to be converted into shares*

Exchange

Foreign exchange

Country	Value of	Rupees*
Australia	1 dollar	9.48
France	1 franc	2.15
West Germany	1 mark	7.20
Hong Kong	1 dollar	1.67
Italy	1,000 lira	9.95
Japan	100 yen	9.06
Kenya	1 shilling	0.80
Kuwait	1 dinar	46.28
Malaysia	1 ringgit	5.17
Mexico	100 pesos	0.86
Netherlands	1 guilder	6.40
Nygeria	1 naira	3.06
Saudi Arabia	1 rial	3.47
Singapore	1 dollar	6.22
Switzerland	1 franc	8.69
UAE	1 dirham	3.54
UK	1 pound	21.40
USA	1 dollar	13.00

** Indicative interbank middle rates as on: 14 September 1987.*

Courtesy: Hongkong Bank

Throughout this fortnight, movements were in anticipation of the US trade deficit for July. This gave the market enough time to anticipate the worst and thus before the figures were announced on 11 September, a range of $12 to 15 billion deficit had already been discounted.

The trade deficit turned out at the upper end of the estimate at $16.47 billion. The immediate reaction was to sell the dollar down and it dropped to 140.90 yen and 1.7900 DM. There was, however, no follow-through selling and it forced the markets to focus on prospects for the trade figures in the coming months.

The August trade surplus for Japan has gone down overall and its surplus with the US has also declined. Thus better figures are expected for the US and the dollar, which has been solely driven by trade deficit concerns in the last month, has recovered to 1.82 DM and 144.50 yen.

Sterling was largely sidelined, initially rising to $1.66 and then falling to 1.6375. It was supported by high interest rates but could not withstand the dollar recovery.

Sterling touched an all time high of Rs 21.40. The rupee was not allowed to gain appreciably against the dollar. If the dollar recovery continues, which is quite likely, it could appreciate significantly against the rupee. Locally, though, there is a good supply of dollars and the low forward premiums seem to suggest that our overall trade deficit will be much lower this year to date.

Investor Contest

Issue No 249

Unsuccessful again

We have no winners for the investor contest. Contestants once again appear to have misjudged the market mood. There were wild fluctuations in market prices during the last fortnight and contestants were unable to make a successful prediction.

Looking forward to a command performance in the next contest.

How to enter
On the entry form given below are listed six popular scrips. All you have to do is to use your skills to predict the prices of each of these share as on 16 October 1987, and send in your entry by 6 October 1987. The winner in accordance with the rules printed below, will get a prize of Rs 5,000. In the event there is no winner, the prize will *not* be carried over.

Every issue of **Business India** will contain a new contest. The entry which has all six correct answers will receive a prize of Rs 5,000. If no such entry is received, the entry which has 5 out of 6 correct answers will receive the prize. In the event of there being more than one winner, the prize will be shared equally. We repeat, if there are no winners, the prize money will *not* be carried forward.

Rules:

1 There is no entry fee.

2 The list has been selected on the basis of what we consider are actively traded and interesting scrips on Indian stockmarkets.

3 The price mentioned last in the official quotation list of the stock exchange (if there is a series of such prices against the name of the share) will be taken as the correct answer. The official list of the particular stock exchange, which will be referred to, is given against the name of each scrip. If for some reason the stockmarket is either closed on 16 October 1987, or there are no transactions for the six scrips chosen below, then the quotations for the nearest working day prior to 16 October 1987, will be used.

4 Variation from the correct answers are permitted within a range that is specified against the scrip.

5 Entries must be on the printed form given below. Any other entries will be disqualified.

6 Only one entry will be permitted per form.

7 Envelopes sent in should be marked Investor Contest. All entries must be received at **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, Tuesday, 6 October, 1987.

8 Business India is not responsible for non-receipt of entries.

9 Business India's decision on the winning entries will be final and binding, and no correspondence in this regard will be entertained.

10 The contest is open to residents of India only. No employee (or any direct relation of any employee) of the **Business India** group of publications is entitled to enter the contest.

Name of scrip	Stockmarket official list to be used for comparing results	Prices as on Friday, 11 September 1987 (Rs)	Variations permitted from correct prices upto (Rs)	Prices as on Friday 16 October 1987 (please fill) (Rs)
Bombay Dyeing	Bombay	91.00	3.00	________
Colgate	Bombay	235.00	4.00	________
Dunlop	Calcutta	95.00	3.00	________
G.E. Shipping	Bombay	32.25	2.50	________
Larsen & Toubro	Bombay	104.00	3.00	________
Tata Tea	Bombay	116.00	3.00	________

NAME: ____________________

ADDRESS: ____________________

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AGE: ____________________

PROFESSION: ____________________

DATE: ____________________

IC 249

A management novel

MOTIVATIONAL LEADERSHIP

By Alfred Tack

Wilwood House Ltd, available in India from Dass Media Pvt Ltd, Bombay, pp 239, $9.95.

Written in the form of a novel, this book is meant for all those in management who are concerned with the effectiveness of their leadership. The author tells the story of how Don McAllister, a leading US management consultant, investigates the leadership qualities in a large British industrial group.

Huntleys is the largest European group of companies in the field of fire fighting — manufacturing and marketing appliances ranging from small fire extinguishers to completely fitted tenders sold to fire brigades throughout the world. Roland Huntley has built up the group of companies from modest beginnings, and the group has prospered and grown year after year. At the group's corporate headquarters, there is a functional board of directors comprising, besides Roland Huntley as the chief executive and head of the board, Tom Lawson, 42, marketing director, Lawrence Duckworth, 45, finance director, Bill Manley, 49, production director and Hugh Fairley, personnel director.

While this top management team has produced very good results in the past and the group has always been on an ascending growth curve until now, it has entered a mark time period which is attributed by Huntley's co-directors to the recession prevalent in varying degrees in markets all over the world. Huntley, however, suspects that his colleagues on the board have become complacent. At his suggestion, all the other directors readily agree to call in a firm of consultants, headed by Don McAllister, to check every aspect of the group's activities — possibly each believes that such an investigation would find weaknesses in his colleagues' departments while leaping praise on his own.

Huntley has, in fact, two objectives in engaging McAllister's services. The first is to have an assessment made of the individual and collective performance of all the members of the board of directors and at the same time take steps to improve their leadership qualities — with the emphasis on "motivating to improve managerial performance" throughout the Huntley group of companies. The second objective, unspoken but nevertheless also perceived by all the other four directors, is to get the consultant's assessment of each of them and simultaneously seek his assistance in finding a successor from among them for appointment as the group's next chief executive after Huntley's retirement.

Very few employees work so as to realise their true potential. But effective leadership motivates them to stretch their minds and physical attributes willingly (and 'willingly' is the operative word) to greater purpose.

This philosophy of motivational leadership is summed up by Tom Lawson, the marketing director, who says: "A leader can be a fine strategist, an innovator, have a good financial brain... but whatever his objectives, he has to get others to see them through."

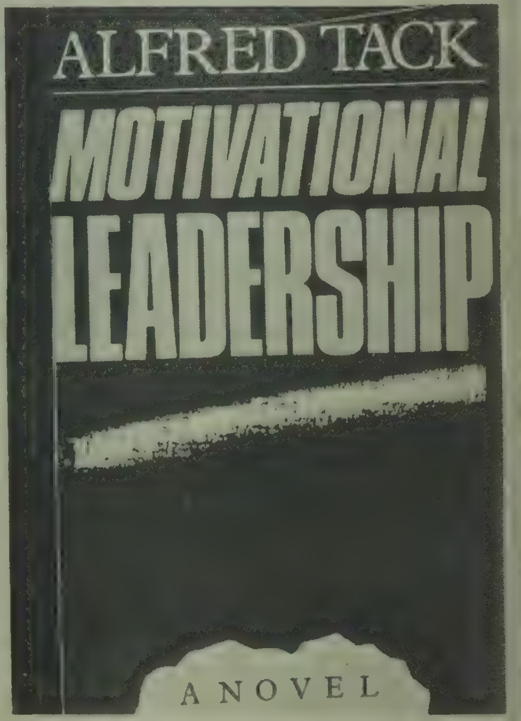
The book, which reads like a popular novel, takes the reader through a series of 'sittings' with the directors of Huntleys and teaches the fundamentals of leadership and management in easy to read, easy to comprehend, easy to practice steps.

After a discussion of leadership priorities, the participants in this drama of ambition and competition move to a lengthy session on motivating forces in general, and specifically in relation to themselves. The motivating forces are reckoned on a time scale — short term, medium term and long term. Some of the useful conclusions the participants arrive at are: pay increases, bonus, targets, etc, are at best only short-term motivators; good working conditions are not motivators but their absence is a strong demotivator; challenges arising out of tasks and enjoyment of work are excellent motivators in the long term provided they are supported by adequate and fair monetary rewards, good working conditions and proper recognition of status and contribution. A very useful and valuable lesson drawn is that a leader should concern himself with what may be termed the subconscious thoughts of others in every situation.

This work session is followed by a brief but important memorandum by McAllister on the motivating influence of human relations in industry, suggesting adherence to five principles: first, justifiable praise; second, honest appreciation; third, avoiding unnecessary criticism; fourth, offering essential criticism; and fifth, admission of mistakes and errors.

Production director Manley has an assertive wife and an uneasy relationship with his two teenage sons. In doing his homework on this memorandum and during the next session on motivating by example, he comes to realise the destructive effect of his constant emphasis on discipline on his sons.

The session on "motivating by example" brings out clearly that integrity would be high on the list of motivation by example. The importance of enthusiasm, courage, problem solving, risk analysis, decision making, negotiating skills, delegation and time management are some of the more important areas in which motivating by example is essential.



Each one of these vital aspects, and some others too, are discussed in subsequent sessions, and while the fundamentals in each case are adequately highlighted, there also emerges practical guidance for those who need it.

For example: in decision making, our thinking is often coloured by whether we like someone or not. A manager may take a negative position fully aware that he is wrong, but he just cannot bear to think of agreeing with an associate or subordinate he dislikes. For good decision making, six steps must be followed:

- Gather all the relevant information
- Examine all the alternative actions which could be taken when the information has been gathered
- Analyse all the possible consequences of these actions
- Having identified the consequences, rank their probable occurrence
- Determine the most desirable alternative — the one where the probability of risk is low and the probability of success high
- Make the decision on all the evidence thus provided.

It is obvious that the suggested technique in the book are as old as the hills, but are rarely used properly — so simple, so fundamental, but rarely practised. Thus it is the fundamentals — and executives must remind themselves again and again of the fundamentals in leadership and management — that are discussed in the book.

business and price discounting can take a schedules of top-flight executives, and a presentation of their hopes, aspirations as well as frustrations. There is also a peep into their family lives and problems to give this work the flavour of an absorbing novel.

Towards the end of the book, a session between McAllister and Huntley makes a final assessment of the individuals involved in this management drama and picks the successor to the top job.

Though the book has nothing original in it, its strength lies in its focus on the fundamentals of leadership and management and their application in corporate life handled in a straightforward manner. There is, however, a strong possibility that the reader may become so involved with the directors and their relationships with each other that some of the book's well researched lessons may be overlooked at first.

The book is pleasant to read, with a strong story line. It is strongly recommended to chief executives and other top management functionaries.

JAYANT KHER

Safeguarding industrial secrets

INDUSTRIAL SECURITY MANAGEMENT
By S. C. Dey and S. C. Kaushal
Ashish Publishing House, New Delhi, 1987, 411 pp (hardback), Rs 200

Before the Second World War, the main occupation of the developed world was manufacturing a wide variety of goods of varying complexity. Protecting secrets in this industrial era was relatively simple — patents and copyright had to be obtained and competent lawyers hired to defend them. In today's post-industrial world, imformation is the most precious commodity. And it has become very difficult to protect ideas that may cost millions to develop, yet can be duplicated virtually free of charge.

The subject of this book thus takes on significance, as does the authors' plea for an elevated status to security management in the managerial hierarchy. The authors are both from India's Central Industrial Security Force, which has all public sector undertakings in its care. After tracing the history of the development of security management, they state that placing it, as is commonly done at present, under Manager Administration or Manager Personnel, and considering it an area of brawn rather than brains smacks of ignorance and apathy.

Last year, D. Haldar, IPS, came up with *Industrial Security in India* (by the same publishers), and there is some other literature available on the subject, eg, *Indian Security Perspectives* by K. Subrahmanyan, former director of the Institute of Defence Studies and Analysis. But this book, as a scholarly treatise and reference guide, emphasises the scientific aspects and is an overview of the conventional and modern security management functions.

Sensational accounts of espionage rings, such as the 1983 cases involving Major General (retd) Frank Larkins and his brother, an Air-Vice Marshal, who were arrested on charges of spying for the US, and, nearer home, the 1985 episodes of Coomar Narain, Ram Swarup and Yogesh Maneklal, are fresh in our minds. This book goes into such aspects of spying, eg, manpower based security and its management, covering industrial espionage, disaster management, documents and personnel security.

BOAC's computerised seat reservation system, a £3 million development, was stolen and sold to rival airlines. The theft of a US C-141 aircraft, at a Paris air show, that became replicated into Russia's Illyushin-76, and similar events form a part of the subject of security management. As the authors say: "Ace intelligence agencies of the world, like the CIA, FBI, KGB and GRU are locked in the battle of robbing each other of their hi-tech secrets."

Advanced spy planes, spy satellites, holographic and infra-red scanners which have become important, all find mention. The book also covers sensors, detectors, surveillance equipment and computer based systems — that is, scientific instruments such as mechanical, electro-mechanical, electronic and laser equipment available for industrial security purposes. Some diagrams are also given, eg, of the familiar hand-held metal detector that buzzes in the proximity of keys or coins in the pockets of air passengers, and the X-ray screening equipment that checks hand baggage.

The book gives operating principles and the suitability of each such system to varied situations, with the authors drawing upon their experience to provide guidelines for the selection, procurement, installation and working of the instruments.

The book explains clearly the powers that security forces have, what action they can take under common law, the Indian Penal Code, etc. Another topic deals with fire fighting, so that we have items on classification of fires and different types of fire prevention methods. The related provisions of the Factories Act and other enactments are quoted, and it becomes apparent that not only security managers, but all management can benefit from the work.

This feature becomes more obvious as the book progresses — an entire chapter devoted to industrial espionage is replete with several recent, familiar Indian examples. The authors offer useful insight on the hazards that arise from the currently popular tendency of hopping from job to job, the vulnerability of an undertaking because of disgruntled employees, the use of tenders that require revealing proprietary information to rival concerns, the prevalence of business consultants (who profess no loyalty as they serve many companies simultaneously), the use of secretaries and office waste (including even used typewriter ribbons!) and dummy advertisements that lure people with tempting perks but that require detailed bio-data, rendering the applicant vulnerable to accusations of revealing proprietary data and blackmail.

This book casts its net very wide indeed in the world of commerce and industry. Devices like telephone bugs, harmonica bugs, resonant cavity transmitters, wrist watch cameras are covered and are important, but espionage goes far deeper in its ingenuity and scope in our country.

The sixteenth chapter deals with the interesting subject of transition into the 21st century. Laser devices can be used as a portable fence. An aircraft carrying a VVIP to a remote airfield may have instant security with these laser devices installed at four corners of the grounded aircraft because they provide an excellent beam barrier to detect intrusion. Then again, fibre optic devices use the technology of optical communication which is immune to electric and electromagnetic disturbances. In factories and industrial undertakings, physical barriers may vanish altogether. The perimeter walls may have transparent blocks with switch, sensor and detector, and while the present devices can only detect and delay the intrusion — they cannot stop or arrest the intruder — the future devices would have, in the perimeter blocks, some hidden tentacles which may arrest the intruder as well. The future factory, without walls, may have visible light barriers acting as a psychological deterrent as well as an efficient anti-intrusion device. Say the authors: "Future barriers will differentiate between animal and human intruders by instant comparison of the geometric and anthropological features."

One third of the book has appendices giving the texts of the Central Industrial Security Force Act, amendments, the rules, notifications, and schedules. Principal cognisable offences under the Indian Penal Code sections are listed, followed by diagrams of some common devices, and an enlightening glossary of technical terms covers 18 pages.

Professional security managers and trainers of all levels would, of course, find this book a valuable reference, a guide and a training manual.

ARUN BHATIA

Executive Ladder

S. R. AYER has been elected chairman of the Audit Bureau of Circulations Ltd for 1987-88.

SEBASTIAN JACOB has taken over as chairman and managing director of Hindustan Fertiliser Corporation Ltd.

O. P. SHARMA has taken over as director (finance), Bharat Aluminium Company Ltd.

VIRAJ VARMA has been appointed general manager of Centaur Lakeview Hotel, Srinagar.

BHUPINDRA KUMAR is the officer-in-charge of the merchant banking bureau, zonal office, Indian Overseas bank, New Delhi.

V. N. GHIRNIKAR has taken over as general manager (F&A), Ferro Scrap Nigam Limited.

K. S. RAO has taken over as general manager, Bharat Heavy Electricals Limited, Rudrapur (dist Nainital).

S. K. MANGLIK has taken over as member (technical), ONGC.

P.N.S. NARAYANAN has taken over as executive director, eastern region, NHPC, Guwahati.

V. M. BAJAJ has taken over as executive director (contracts & procurement services), NHPC, New Delhi.

A. H. RAINA has taken over as NHPC executive director at Jyotipuram (J&K).

J. K. PUROHIT has taken over as managing director, Bindal Textile Mills Ltd.

S. SRIVASTAVA has been promoted to general manager of the Management Services Division, Ahmedabad, of Dalal Consultants and Engineers Private Limited, Bombay.

N. SURYANARAYANA has been appointed vice president (operations), Gujarat Petrosynthese Ltd.

VINIT R. GANJWALA has been promoted to general manager (marketing) of the Mhatre group of companies.

T. R. MISTRY has joined Gharda Chemicals Private Ltd as general manager, HRD.

R. RAJAMANI has been appointed president of Pennar Steels Ltd.

ASSOCIATIONS

B. K. MODI has been unanimously elected president of the Quality Circle Forum of India (QCFI).

HOSHANG S. BILLIMORIA has been appointed president of the Institute of Internal Auditors, Bombay chapter.

RAVI K. DUTT has been elected president, Cable and Conductor Manufacturers' Association of India.

V. K. NEVATIA has been re-elected chairman of the Motor Industries Association for 1987-88.

RAMANIKLAL R. RUPARELIA has been re-elected president of the Tea Exporters Association.

B. L. ARUKIA has taken over as corporate advisor to the Kores group.

G. BANERJEE has been appointed president, Sree Ram Mills Ltd, Bombay.

M. M. RAO has been promoted to whole time director, the English Electric Company of India Ltd.

N. S. PARULEKAR has taken over as chairman, Scindia Steam Navigation Company Ltd.

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MasterCard

Centralcard is an important link in the world's largest credit card chain—MasterCard—which has over 128 million cardholders worldwide!

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Interpub/CBI/4/87

GRIT

1984-86: a record 64% growth puts Shalimar Paints

Endeavouring. Reaching out... Bringing a touch of class to everything we do.

ck amongst the leaders

Relentless, dedicated effort has paid off. In the last three years we've grown by an unprecedented 64%.

Today as a Rs 50 crore company, we're back where we belong. In the front rank of the Indian paint industry.

Our profitability is on the rise. Our dividends have increased by 75%. Our people are the best in the business.

But for a leader there's no resting on laurels. There's still a lot to do...

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Shalimar Paints

Contract-SPL-26.87

Sometimes, It's totally unnecessary to ask the score.

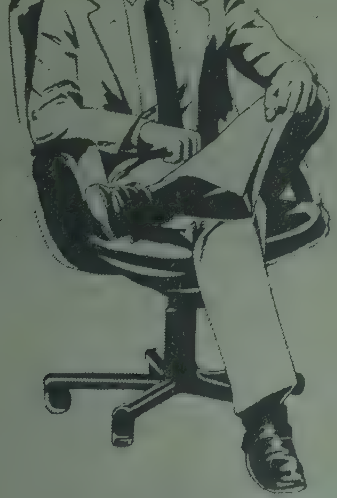
Chancellor

Exclusive Filters

A cigarette so distinguished,
it's by appointment to your majesty.

[illegible]

Business India



National Executive Appointments

Reader Service

Senior executive positions

A compilation of executive positions advertised in Business India and other major publication from all over India between 1 and 13 September 1987

West

CHF EXEC • Pune • *Sal* Attr + hsg + prks • *Age* NS • *Qlfn* NS • *Reqd* Xprnce in elctncs indus • *Resp* Overall sprvsn of Rs 100 crores elctrnc cmpnnts mfg co, ident new prods, imprve cpcty nstn & prftblty • *Cont* B.K.S. Jain & Associates, Marketing, Management & Agro Consultants, Executive Searching Divn, 7 Neel Tarang, 208 Sawarkar Marg, Bombay 16 (TOI-4.9)

VICE PRES (Fin) • Bombay • *Sal* Rs 300,000 + • *Age* NS • *Qlfn* CA, pref wth MBA (fin) • *Reqd* 10 yrs exp in wll mngd orgns, pref in engg indstry. Exp in areas of proj fin & systms devp added adv • *Resp* Fin wll bng of all cos in grp & hve hds of fin, accntng, cstng, mngmnt accntng & txtn depts rprtng to hm. Systm devp prty. Reprt & aspr frmtn to brd • *Cont* Mahajan & Engineer, 704 Raheja Centre, Nariman Point,Bombay 21 (BI-7.9)

GEN MNGR • Bombay • *Sal* Attr + hsg + prks • *Age* 35-45 yrs • *Qlfn* Snr txtle tchnlgst • *Reqd* 10 yrs rel exp wth prvn strngth in one or mre of fllwng: prd devp, tech srvces, mrktng of indstrl fbrcs • *Resp* Ttl resp fr mngng indstrl fbrcs div, is req as hgh grwth area. Expctd to explt the cos inhrnt prtntl thgh aggrssve mrktg & prod devpbcked by excllnt tech/cstmr srvces • *Cont* Datamatics Staffing Services, Post Box No 106, G.P.O Bombay 1 (BI-7.9)

MNG DIR • Bombay • *Sal* Rs 500,000 + • *Age* 45-50 yrs • *Qlfn* Post grad qlfn & trng exp in bus mngmnt added adv • *Reqd* 10 yrs exp at vry smr lvls of mngmnt, hgh deg of mngmnt & orgn sklls & ablty to trn unt arnd as pr rehbltn prog. Mst hve flr fr dlng wth govt agncies & fin instns rt top lvls. • *Resp* NS • *Cont* Business India, Wadia Bldg, 17/19 Dalal St, Fort, Bombay 1 (BI-7.9)

GEN MNGR (Fin & admn) • Bombay • *Sal* Attr • *Age* 35-40 yrs • *Qlfn* CA, pref wth Secy'l qlfn • *Reqd* 12 yrs in indus, min 5 at snr lvl • *Resp* Dl wth bnks, fin acctng, txtn, lgl & admn mttrs + govt ins & lcnsng • *Cont* A.F. Ferguson Associates, PO Box 1786, Bombay 1 (TOI-7.9)

CHF EXEC (Chem) • Bombay • *Sal* Rs 200,000 • *Age* 40 yrs • *Qlfn* NS • *Reqd* Xprnce in mktng of chems dstd, strng fclty fr mngmnt of fin & prssnl wthgd apprctn of tech, pref wth xpsre to ops mngmnt, mst be drwng Rs 150,000 crrntly • *Resp* Ttl prft cntre resp for chem dvsn proj to hv trnvr of Rs 13 cr this yr, ld tm of snr prfssnl in mktng, fin, prsnnl, etc • *Cont* A.F. Ferguson Associates, PO Box 1876, Bombay 1 (TOI-7.9)

North

GEN MNGR (Tech) • Ludhiana • *Sal* Attr • *Age* NS • *Qlfn* BE (mech) • *Reqd* 15 yrs in engg/auto indus • *Resp* Tk chrg of prodn engg, ind/prcss engg, QC & dsgn & devp • *Cont* The Executive Director, Majestic Auto Ltd, C-48 Focal Point, Ludhiana 10 (H-10.9)

DIR (Mktng) • New Delhi • *Sal* Rs 3,500-100-4000 + bnfts + hsg + car • *Age* 45 yrs • *Qlfn* Univ deg, pref wth MBa • *Reqd* 15 yrs in mktng at snr mngmnt lvl wth min 5 yrs in mktng in cmpttve sctr, pref txtles • *Resp* Frmtte & implmnt corp mktng plcs, devp mktg, plns & strats, prmte prod dvrsfctn, optmse prod mix & xpend xport mkt, sprvs & coord mktg actvts of sbsdrs, etc • *Cont* S.K. Tuteja, Secretary, PESB, Public Enterprise Bhawan, Block No. 14, 3rd floor, CGO Complex, Lodi Road, New Delhi (TOI-2.9)

GEN MNGR (Mrktng) • New Delhi • *Sal* Xcllnt • *Age* 35-40 yrs • *Qlfn* Gd acdmc bckgrd, pref grads in txtle tchnlgy or post grad in mrktng • *Reqd* 10-15 yrs rel exp mst be cnvrsnt wth mrktng of synthc yrn/fbre to txtle indstry • *Resp* Mrktng & sls funcs, plnng, orgnsng, sprvsng sls & mrktng actvties mkt & prod devp, mrkt intllgnce rsrch, evvng new mrkt strats in cmpttve mrkt, estblshng new sls chnnls to ache ambts grwth trgts, etc • *Cont* Onam Consultants Pvt Ltd, 14-D Basant Lok, Vasant Vihar, New Delhi 57 (BI-7.9)

GEN MNGR (Tech • Ghaziabad • *Sal* Attr • *Age* NS • *Qlfn* BE (Mech) • *Reqd* 15 yrs in engg/auto indus, pref wth xprnce in 2-whlr indus • *Resp* Tk chrge of prod engg, indus/prcss engg, qlty cntrl, dsgn & devp + achve hi stndrds of prdctvty • *Cont* The Executive Director Majstic Auto Ltd, C-48 Focal Point, Ludhiana 10 (TOI-9.9)

GEN MNGR • Rattam (MP) • *Sal* Attr + hsg + car + prks • *Age* 40-50 yrs • *Qlfn* BE or BSc, pref with deg/dipl indus mngmnt • *Reqd* Thrgh knwvly of admn fncns, defense prsnnl spclly MES pref • *Resp* Ensre smth mfg oprtns by assmng ovrll chrge of fctry admn, HRD, cmplnc wth sttry rqrmnts • *Cont* The Managing Director, IPCA Laboratores Pvt Ltd, 48 Kandvli Indl Estate, Kandivli (West), Bombay 67 (TOI-7.9)

GEN MNGR (R&D) • Faridabad • *Sal* Neg + hsg + prks • *Age* NS • *Qlf* NS • *Reqd* Rsltd orntd cnddts wth xprnce in dsgn + ablty undrstnc cstmr/mkt nds • *Resp* Mngr R&D prfsnnl to imprve prod mktblty & corp prftblty, cntrbte to cnsldtn of bse for devp of indgns tech • *Cont* Vikram lal, Managing Director, A-15 West End, New Delhi 21 (HT-9.9)

South

MNGNG DIR • Ramanathapuram • *Sal* Neg • *Age* 40-45 yrs • *Qlfn* BE (chem/elec/mech) pref wth MBA • *Reqd* Abt 10 yrs in almnm/chem/salt bsd indus wth xpsre to fncnl areas of mngmnt • *Resp* Implmntn of 60 tpa mgnsm mtl proj • *Cont* The Chairperson, Tamilnadu Magnesium and Marine Chemicals Ltd, C/o TIDCO, Third Floor, LL Buildings, 735 Anna Salai, Madras 2 (H-10.9)

PRES (Spclty chem) • Madras • *Sal* NS • *Age* 40 yrs • *Qlfn* BE (chem) ref wth PG deg/dipl in biz mngmnt • *Reqd* Tech cmptnce & ablty to mnage prsnnl • *Resp* Proj implmntn, prftble oprtns, xpnsn & dvrsfctn • *Cont* The Chairman, RPG Enterprises, CEAT Mahal, Dr Annie Besan Road, Bombay 25 (H-10.9)

DIR (Fin) • Secunderabad • *Sal* Attr + hsg + prks • *Age* 50 yrs • *Qlf* CA/ICWA pref wth MBA (fin) • *Reqd* 15 yrs prfssnl exp, 5-7 yrs as hd of fin in lrg indstrl orgn. Exp in frtlsr or hvy chem ind of rpte added adv. • *Resp* Ovrll chrge of all fin funcs, incl fin & accnts, bdgtng, wrks accntng mngmt rprts, txtn, co lw mttrs, proj mntrng, lsn wth fn instns & mkt accnts • *Cont* The Manager (personnel & admin), Godavari Fertilisers & Chemicals Ltd, 50 Sebastian Rd, Secunderabad 3 (S-4.9)

GEN MNGR (Cmmrcl) • New Delhi • *Sal* Rs 72,000 + Car + Hsg • Ag NS • *Qlfn* NS • *Reqd* 10 yrs sccssfl mngmnt xprnce in snr pso of lrge or • *Resp* Optmsng sls incl prod devp, pblcty & prmtn, mntrng cmptr actvts, optmstn of wrks oprtns, etc • *Cont* Price Waterhouse, B-10 Himalaya House, 23 Kasturba Gandhi Marg, New Delhi 1 (TOI-4.9)

PRES • Madras • *Sal* NS • *Age* 40 yrs • *Qlfn* BE (chem), pref wth PG i mngmnt • *Reqd* Prvn rcrd of mngrl excllnce, ablty to mnge pple hgh de of tech cmptnce • *Resp* Proj implmntn, prftble oprtn, expnsn & dvrsfct • *Cont* The Chairman, RPG Enterprises, CEAT Mahal, Dr A.B. Road Bombay 25 (BI-7.9)

Overseas

GEN MNGR • (Saudi Arabia) • *Sal* Rs 800,000 + hsg + prks • *Age* NS *Qlfn* NS • *Reqd* 15 yrs in cmptr mktng wth adqte xpsxre to gen mngm oprtns in snr pos fr atlst 8 yrs • *Resp* Achve grwth & prftblty trgts • *Co* Box D 440-S, Times of India, Bombay 1 (TOI-6.9)

DY GEN MGR (Prdn plnng) • Indonesia • *Sal* Attr • *Age* NS • *Qlfn* (txtle) • *Reqd* 15 yrs techno-cmmrcl indus xprnce • *Resp* Pln ttl prdn a wll as fncn as mtrls mngr • *Cont* Resources Management Associate GF-12A Meghdoot, 94 Nehru Place, New Delhi 19 (HT-7.9)

BI = Business India, H = Hindu, HT = Hindustan Times, IE = Indian Express, S = Statesman, TOI = Times of India.

Executive positions

West

MNGR (Mktng) • Bombay • *Sal* Xcllnt • *Age* 35 yrs • *Qlfn* BE (elec/chem) or BSc (chem) pref with PG deg/dipl in mktng. • *Reqd* 7-8 yrs in indus sls and mktng fncns, pref wth xpsre to xports • *Resp* Biz xpsnsn, mtvtng fld stff, sls admn, etc. • *Cont* Beam Services, Colaba Chambers, 117 Wodehouse Rd, Colaba, Bombay 5 (TOI-1.9)

MNGR (Sftwre sys) • Bombay • *Sal* Neg (cmmnsrte with qlfn & xprnce + prks • *Age* NS • *Qlfn* BE/ME • *Reqd* 4-8 yrs in devp of sys sftwre wth gd knwlj of UNIX oprng sys, C-lngge & Unify DBase, MF Cobol, etc • *Resp* NS • *Cont* The Manager (Personnel), Electronic Systems Punjab Ltd, B-81, Phase VII, Industrial Area, SAS Nagar, Chandigarh 51 (TOI-1.9)

MNGR (Proj) • Bombay • *Sal* Neg • *Age* 30-35 yrs • *Qlfn* Deg/Dipl in elec/mech/civ engg • *Reqd* Xprnce in maj pmpng instltn — lft irrgtn, crcltng wtr schms, etc • *Resp* NS • *Cont* The General Manager, Crompton Greaves Ltd, Engineering Products Division, Bombay Mutual Building, 232 N.SC. Bose Road, Madras 1 (H-8.9)

CHF MNGR (Mktg) • Ahmedabad • *Age* NS • *Qlfn* NS • *Reqd* Mtre hrd-cre mrktr wth 10 yrs exp in mrktng cnsmr prods, pref ent electncs — 4 yrs at sr lvl • *Resp* Cnsldte oprtns strat for all-India lnch, estab dlr + srvc ntwrk prod postng, prmtn + ldng mrkt tm, prtflio plnng, prcng, sls distib, etc • *Cont* The Chief Executive (Personnel), Instavision Systems (I) Pvt Ltd, 244 Ghodsar Maninagar, Ahmedabad 8 (H-8.9)

MNGR (Mktng — ltng) • Bombay • *Sal* Attr • *Age* 37 yrs • *Qlfn* Grad, pref wth MBA • *Reqd* 10 yrs in ltng indus + gd rec in mrktng cnsmr drbls, innvtve with anlytcl sklls • *Resp* Frmlte mrktng plns, devp strats, lcte srcs of spply for ltng fttngs, intro new prods, cllct mrkt intllgnce, prcng nrms, pln pblcty + prmtn, frmlte vol + preft bdgts • *Cont* The General Manager P&A), Bajaj Electricals Ltd, 45/47 Veer Nariman Road, Bombay 23 (H-9.9)

North

MNGR (Coating & lmntng) • Khatima (UP) • *Sal* Neg + hsg • *Age* 30-35 yrs • *Qlfn* BE (Chem) or plstc tech • *Reqd* 6-8 yrs rlvnt xprnce, pref wth xprnce in mfg & devp of sltd applctns • *Resp* Devp dwn-strm applctns on plystr flms lke slr cntrl flm, ht slble fl, drftng/trcrg flm, crbn flm, etc + prvde tech spprt in prod devp, intrct wth all dept for intdcng nw prods • *Cont* Onam Consultants Pvt Ltd, 14-D Basant Lok, Vasant Vihar, New Delhi 57 (TOI-2.9)

MNGR • Jaipur • *Sal* Min Rs 3,543 approx + bnfts • *Age* Max 35 yrs • *Qlfn* BE (elec/elctrnc) • *Reqd* 8 yrs in mktng/prdn in rptd org enggd in prdn of prfssnl elctrnc eqpmnt/sys • *Resp* Ovrsee oprtns at plnt enggd in mfg of elctrnc milk tstrs, Milko-scan, slr phtovltc mdles/sys, plltn mntrng instrmnts, etc • *Cont* The Manager (P&A) Rajasthan electronics & Instruments Ltd, 2 Kanakpura Industrial Area, Jaipur 12 (TOI-3.9)

MNGR (Mtrls) • Jaipur • *Sal* NS • *Age* NS • *Qlfn* BE (pref elec/elctrnc) • *Reqd* 4-5 yrs in lt engg or elctrncs enggd in cmplte mngmnt of mtrls frm ordrs to fn cnsmptn + knw if of xport/imprt essntl • *Resp* Ovrsee mtrls fncn at hi-tech elctrncs plnt • *Cont* The General Manager, Serra Micro Electronics Ltd, B-47 Suraj Nagar West, Civil Lines, Jaipur 6 (TOI-3.9)

MNGRS (Admn) • New Delhi • *Sal* NS • *Age* 35 yrs • *Qlfn* Grad, pref wth deg in lw/prsnnl mngmnt • *Reqd* 8-10 yrs exp in med sz co pref • *Resp* Prsnnl mttrs, sprvsn & mntnce of offce utlties, trvl & accomdtn bkngs, estblshmet mttr & lsn • *Cont* Nulab Equipment Co Pvt Ltd, 207 Nahar & Seth, Near Siemens, Chakala, Andheri (E), Bombay 93 (S-4.9)

REG MNGRS • New Delhi • *Sal* Neg • *Age* Blw 35 yrs • *Qlfn* Fld sllng exp of 10-15 yrs in automtve bttry or auto prts indstry or MBA frm reptd • *Reqd* Xcllnt crmctn sklls, ldrshp qlties, and cmmrcl accmn, strg dsre to mke creer in mrktg • *Resp* Ldng yng sls & srve tm to active bdgtd mrkg trgts in rgn, intnsve prsnlintractn wth trde, OEMS, govt/insttnl byrs mst indct regnl oprtns or prft cntre bss • *Cont* The Personnel Department, Nicco Batteries Ltd, Post Box No. 1644, Kashmere Gate, Delhi 6 (BI-7.9)

MNGR (Mtr dsgn & devp) • North India • *Sal* Neg • *Age* NS • *Qlfn* BE (elec) + PG • *Reqd* 10-12 yrs exp in dsgn + devp of KWM elec enrgy mtrs, exprnce in dlng with elec brds req + knwldg of cst red + prdo dsgn • *Resp* NS • *Cont* Box No. 7332, C/o The Hindu, Madras 2 (H-9.9)

East

MNGR (Prodn) Haldia • *Sal* neg • *Age* NA • *Qlfn* BE (chem) • *Reqd* Xprnce in oprtng lrg slphrc acd plnts • *Resp* Achvng rtd cpct undr rgd qlty cntrl • *Cont* Quest Consultants, 8/2 Chapel Rd, Calcutta 22 (S-4.9)

MNGR (Mtrls) • Calcutta • *Sal* Attr + prks • *Age* NS • *Qlfn* Engg grad, pref with PG dip in mtrls mngmnt • *Reqd* Mst be fmlr with mtrls reqd in elctrnc & telecm indstrs min 7 yrs exprnce in undr devp, prcrmnt, invntry cntrl & imprt/cstms frmlties • *Resp* NS • *Cont* The Chief Executive, Webel Communication Industries Ltd, 9/1 R.N. Mukherjee Rd (6th flr) Calcutta 1 (S-4.9)

South

MNGR (Engg) • Hyderabad • *Sal* Rs 40,000 • *Age* NS • *Qlfn* BE (mech/mrne) • *Reqd* 6-7 yrs pref in plstc mldng mach, hydrlc + pnmtc crcts electrnc prcss cntrllrs, rfrgrtn sys, dsl gnrtrs, HT sub-stn, etc • *Resp* NS • *Cont* The Director, (Administration), Vision packaging, Vision House, Road No. 12, Banjara Hills, Hyderabad-34 (HT-10.9)

MNGR (Prod — dmstc applncs) • Madras • *Sal* Neg • *Age* 32 yrs • *Qlfn* BE + PG deg/dipl in biz mngmnt • *Reqd* 5-7 yrs in cnsmr drbles • *Resp* Slctn of dsgn, coord wth mktng, mntr & mt dlvry schdles, frmlter mktng strats • *Cont* ABC Consultants Pvt Ltd, 4 Jagannathan Street, Madras 34 (H-3.9)

MNGR-IN-CHRG (Htl div) • Goa • *Sal* Attr + hsg + prks • *Age* 40-45 yrs • *Qlfn* Grad wth dipl in htl mngmnt • *Reqd* 12-15 yrs xprnce in mngrl cpcty in 3 to 5 star htls • *Resp* Enfrcng hi-qlty srvce, sprvse wrkng of unit mngrs of 4 & 2 star props • *Cont* The Manager (P&A), V.M. Salgaokar & Bro Pvt Ltd, Vasco de Gama, Goa 2 (HT-4.9)

MNGR (Wrks) • Goa • *Sal* Rs 125,000 + prks • *Age* NS • *Qlfn* BE, pref wth mngmnt qlfn • *Reqd* 15 yrs exp incl oprtng fctry indep • *Resp* All funcs at Goa incl manuf, engg srvces, accnts, admin dlng wth st govt sgncies • *Cont* Lupin Polymers Ltd, 159 CST Rd, Kalina, Santacruz (E), Bombay 98 (BI-7.9)

MNGR (sls) Tamil Nadu • *Sal* NS • *Age* NS • *Qlfn* NS • *Reqd* 4-5 yrs sllng exp in inst/off prods in prfsnl orgnstn — 2 yrs ldng sls tm. Flr for comm + ldrshp • *Resp* Mtvte + ld tm of sls execs • *Cont* Sterling Holiday Resorts (India) Pvt Ltd, Gleneden Place, 813 Poonamalle High Rd, Madras 10 (S-9.9)

MNGR (Mktng) • Bangalore • *Sal* Attr • *Age* NS • *Qlfn* Engg qlfn essntl • *Reqd* Knwldg in pumtcs/hydrlcs & grmn lng dsrble • *Resp* Entre mrktng oprtn in cntry • *Cont* Festo Controls (Pvt) Ltd, 51/A Richmond Rd, Bangalore 25 (S-9.9)

Overseas

MNGR (Dvsnl) • Muscat • *Sal* Neg + prks • *Age* 40 yrs • *Qlfn* MBA • *Reqd* 5 yrs as hd of prft cntre in lrge co + fmlrty wth devp of frgn agncs & lsn wth govt dept • *Resp* Ovrsee oprtns at xstng electrcl divn dlng in elec mtrls & lght fttngs, swtch grs, cbles, etc • *Cont* Emmar Enterprises, 613 Raheja Centre, 214 Nariman Pt, Bombay 21 (TOI-6.9)

MNGR (Asst — F&B) • Muscat • *Sal* Intl lvls • *Age* NS • *Qlfn* Deg frm intnly accptd htl/ctrng schl or sccsflly compltd in-hse mngmnt trng prog (nddte mst be) • *Reqd* Smlr xprnce in 5 star htl for atlst 3 yrs in intl or Mid-East sttng • *Resp* Oversee F&B at 5 Star hotel • *Cont* Tom Voss, PO Box 6220, Ruwi, Muscat, Sultanate of Oman (TOI-6.9)

ABC's major specialisations include Corporate Consultancy

Organised Cost Reduction ● Technology Transfer ● Project Reports ● Operations Research ● Industrial Engineering

Data Processing ● Computer Software Packages ● Materials Management

SWOT Analysis ● Systems & Procedure ● Business Negotiations ● Socio Economic Studies ● Computer Feasibility

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We have been retained by India's most dynamic & fastest growing **Industrial Group** to select a VP-Operations for one of their latest, highly sophisticated, large manufacturing units located in an industrial town. This project has been just implemented under excellent **Foreign Collaborations.**

The incumbent will report to the Managing Director and will be responsible for total **Operations Management** including Production, Maintenance, Expansion & Diversification, Industrial Relations, Factory Administration, etc. Should preferably be an Engineer in the age group 40-45. Essentially, our clients are looking for a seasoned manager who must have managed a large size factory independently.

For a **High Performer,** prospects of promotion to Corporate Headquarters in Calcutta are excellent. Emoluments will be very liberal & entirely negotiable. In addition, **Performance Bonus** will be paid at the discretion of the management. Good educational facilities will be available. Please write in strict confidence within 10 days to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code VPO/CAL/2360.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700019, Phones 473688 (5 lines)

Appointments

SYLVANIA LAXMAN

Require

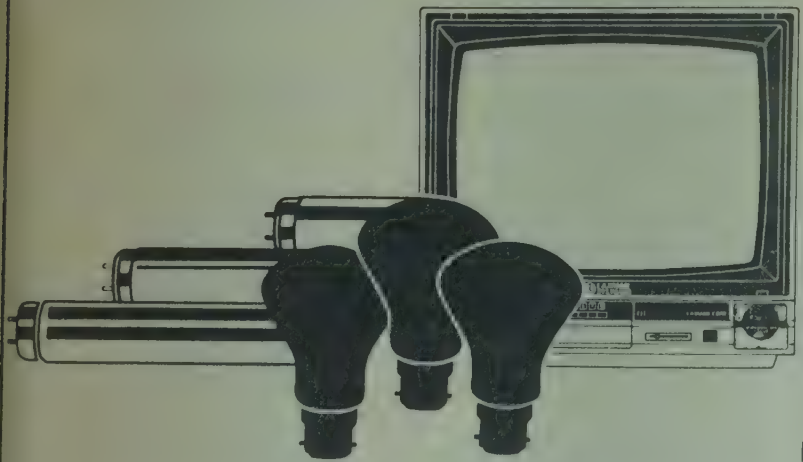
VICE PRESIDENT
(Marketing)

Sylvania Laxman is a well established and leading Lighting Company in the country.

It has also recently entered the Television marketing field and has other diversification projects in the pipeline. 19 Branches all over India. Turnover Rs. 40 crores/annum.

The incumbent will be the Chief of Marketing and be responsible for the entire Marketing and Sales functions of Lighting Products. He will lead and motivate a team of marketing professionals to achieve the desired results.

The incumbent will be based at the Corporate Office (New Delhi) and will report to the Chairman & Managing Director. Preferred age : around 40 years.



This is a Top Management position and the candidate must have a proven record of success in marketing, dynamism and strong leadership. The compensation package will be Rs. 2 lacs plus per annum including accommodation, company car and other perks. Applications in strict confidence should be sent within 10 days in a cover marked 'EDM' to :

Sylvania & Laxman Ltd.,
68/1-3, Najafgarh Road,
New Delhi-110 015.

BLUE DART

COURIER SERVICE

We are an organisation that has been growing by over a 100% each year ever since our modest beginnings in late 1983. Today we have established ourselves as one of the leaders in the Courier business with a turnover in excess of Rs. 100 million and 900 employees. This has been possible due to our in-depth experience and knowledge of the courier, cargo and clearing & forwarding business. We have an employee force who are highly motivated, committed and result-oriented. Our work environment promotes innovation. Our policy of recruiting and retaining highly qualified personnel and our practice of recognizing and rewarding merit have contributed significantly to our success. Our affiliation with Federal Express of USA, pioneers and market-leaders the world over, has helped us reach out globally.

We are re-organising ourselves to cope with the rapid expansion that we have experienced and the growth that we anticipate in the years to follow. Consequently, a few senior-level positions have arisen and we are looking for talented professionals to share in our dream of building a high quality Organisation.

VICE PRESIDENT - REVENUE   LOCATION - BOMBAY

(Ref. No. B.D. 101)

He will be responsible for achieving annual sales and profit budgets for the company through a network of over fifty branches, each of which would be a profit centre. He will develop strategies to improve the Company's market share and guide it to an undisputed position of leadership in the market.

Applicants will be MBAs from one of the reputed business schools in their early thirties. Applicants should have experience in managing a large network of branches with a demonstrable record in profit generation and outstanding man-management skills.

VICE PRESIDENT :- OPERATIONS   LOCATION :- BOMBAY

(Ref. No. B.D. 102)

He will be responsible for networking an ever-expanding set-up of branches for the movement of consignments from one branch to another through one or more transit points. He will continuously review and optimise the mix of factors such as mode of transport, transit time, cost of transport, onward connections from transit points and lead times to meet pre-determined delivery commitments.

Applicants will be Operations Research specialists from one of the reputed business schools/NITIE in their early thirties. They must have impressive credentials and a record of innovating in the field of distribution/inventory/logistics management on a mass scale, a strong commercial acumen and outstanding man-management skills.

In addition to their independent responsibility as Heads of a Function, the Vice Presidents have a collective responsibility as members of the Corporate Management Team, the highest planning, reviewing and policy making body for the organisation. The compensation package has been designed to attract the very best of talent.

Applications will be treated in strict confidence. Applicants may correspond to the following address quoting appropriate Ref. Nos. on the envelope within 7 days:

Blue Dart Courier Service
Hotel Avion
Opp. Centaur Hotel
Nehru Road
Vile Parle (East)
Bombay - 400 057.

Appointments

SSB

Suhail & Saud Bahwan

FOR THEIR WHOLLY OWNED SUBSIDARIES IN

MUSCAT

FINANCE MANAGER

Bahwan group is a professionally managed multi-division and multi-product organisation in the Sultanate of Oman.
We are in search of a dynamic professional for appointment as Finance Manager.

This is a senior management position. The candidate should be in the age group of 30 to 35 and should be a qualified Chartered Accountant with about 7 to 10 years relevant experience at senior level. The job involves overall responsibilities of Finance, Accounting and Commercial Functions including Formation and Implementation of Financial Policies, Working Capital Management, Monthly Reporting, Accounts Finalisation, Dealing with Banks and Financial Institutions, Credit Control, carrying out Independent Assessment of Credit Proposals, Monitoring Credit Realisation, etc.

Exposure to computer accounting systems, sound knowledge of Financial Markets, Data Analysis, Corporate Finance, Tax Planning, Funds Management, Foreign Exchange Transactions, Management and Information System, keen commercial negotiation skills, excellent planning and analytical abilities would be an added advantage.

The candidate must be self-starter with proven track record of professional achievements and excellent communication skills desirable. The company values creative, innovative and committed approach.

Salary will commensurate with qualification and experience and will not be a limiting factor for the right candidate. The position carries all perquisites such as furnished family accommodation, leave travel, medical, gratuity, etc.

Candidate with longterm planning and prospects need only apply.

Candidates satisfying these requirements should mail detailed Bio-Data, copies of certificates and a Passport size Photograph within 15 days marking the envelope the post applied for, to the:

Personnel Manager
P.O. Box 168, Muscat, SULTANATE OF OMAN.

Sai—I

Appointments

Public Enterprises Selection Board invites applications for the post of

Director (Marketing)

National Textile Corporation (Holding Co.)

Delhi

Attractive Remuneration + Car + Housing

The Public Enterprises Selection Board (PESB) invites applications for the post of Director (Marketing), National Textile Corporation Limited (Holding Company), New Delhi.

The Holding Company manages through its nine subsidiaries, 125 textile mills, with a sales turnover of about Rs.1,000 crores and with great growth potential. The Director (Marketing) will report to the CMD of the Corporation. He will be a Director on the Board of the Holding Company.

He will be responsible for formulating and implementing corporate marketing policies, developing marketing plans and strategies, promoting product diversification, optimising the product mix and realisation, expanding the export market, and supervision and co-ordination of marketing activities of subsidiaries.

Applicants should be around 45 years of age, must hold a University Degree, and have a minimum of 15 years experience in Marketing at a senior management level, of which at least five years should be in marketing of goods in the competitive sector, preferably in Textiles.
An MBA Degree with specialisation in marketing from a recognised University/Institute will be considered an added qualification.

The post is in the pay scale of 3500-100-4000, plus other allowances including ad-hoc relief of Rs. 1750 p.m. as admissible under the Company Rules. Other perquisites like medical facilities, contributory provident fund, gratuity, leave travel concession, company car at concessional rates, leased accommodation etc. are also admissible. Exceptionally qualified and experienced candidates can be considered for appointment even in the higher scale of pay.

Applications with full particulars of age, qualifications, experience, pay drawn with the scale of pay, and other relevant details should reach:

S.K. Tuteja, Secretary, PESB,
Public Enterprises Bhawan, Block No. 14,
3rd Floor, CGO Complex, Lodi Road,
New Delhi—within 15 days of the release of this advertisement.

All applications will be treated in strict confidence. Those from the Government and Public Sector should apply through proper channels. The candidature of Government officials will be subject to immediate absorption in NTC.

HTA-5240

Appointments

We'll take more care of you

CEMENT CORPORATION OF GUJARAT LIMITED

Morasa, Veraval.

The CEMENT CORPORATION OF GUJARAT LTD., is a one million tonnes per annum unit promoted jointly by the Mehta International Ltd., a part of the multinational Mehta Group and the Gujarat Industrial Investment Corporation.

The Plant, located at Morasa near Veraval in Gujarat, is the most modern and sophisticated in India. The Core equipment has been supplied by Larsen & Toubro Ltd., along with F.L. Smidth & Co. of Denmark.

The professionally managed company has a distinct people orientation and employees are well looked after. The colony is a model of contemporary living with attractive facilities.

The company wishes to appoint the following at its plant in Morasa, near Veraval in Gujarat:

GENERAL MANAGER — Personnel & Administration Ref: GM — P&A

The General Manager (P&A) will be responsible for recruiting and building up of a team, maintaining good industrial relations, training of manpower, human resources development, welfare activities and administration.

Candidates with Post Graduate degree/diploma in Personnel Management & having a proven track record in the Personnel functions of reputed organisations with an overall experience of 12-15 years including 5-7 years at a senior level need apply.

Preferable age: around 40 years.

GENERAL MANAGER – Commercial Ref: GM — Com.

The General Manager (Commercial) will be responsible for Finance & Accounts, Materials Management, E.D.P. & Despatches.

Candidates with Post Graduate qualification in commerce/CA and having a proven track record in finance and accounts or commercial functions of reputed organisations with an overall experience of 12-15 years including 5-7 years as a departmental head need apply.

Preferable age: around 40 years.

Please apply in strict confidence with detailed current biodata within 10 days, to:

The Executive Director
Cement Corporation of Gujarat Ltd.
P.O. Box No. 20, VERAVAL 362 265 (Gujarat).

Please superscribe on the envelope the code of the post applied for.

Sai-5

EICHER

GENERAL MANAGER RESEARCH & DEVELOPMENT

Eicher, a leading tractor company, now also manufacturing CANTER Light Commercial Vehicles in collaboration with Mitsubishi of Japan, has a group turnover in excess of Rupees 100 crores.

We have a large integrated Research Centre at Faridabad (near Delhi) which is structured into several specialised design and development groups working on IC engines, transmissions, tractors, vehicles, hydraulics and electronics. In addition, professional service groups render suport in the areas of prototype manufacture, information services, material science, accounts and personnel.

Major current assignments in hand include development of new applications for and technology assimilation of the Mitsubishi CANTER LCV, as well as developing a new range of agricultural tractors, updating combustion technology in IC engines, etc.

The position is in the top management team of the Group. The incumbent shall be responsible for managing a large team of R & D professionals working towards time-bound targets, aimed at improving Eicher products' marketability and Corporate profitability.

We are looking for a result-oriented individual with design experience and flair for understanding customer/market needs. He should be an inspiring leader who would contribute in consolidating the base for indigenous technology development, which the Company has already created, for the current and future needs of the Group.

Compensation is not likely to be a constraint for the right candidate. Perquisites include Company leased housing, car and driver, telephone at residence, medical, LTA and other normal benefits at such levels.

R & D professionals with minimum 15 years of relevant experience may write in strictest confidence to the Managing Director, Mr. Vikram Lal, at his residential address — A-15, West End, New Delhi-110021

You may also phone him at 6433059 or 672319 for seeking any further information in this regard, if required.

Now manufacturing in India
CANTER, the No.1 SIX TONNER FROM JAPAN
in collaboration with
MITSUBISHI MOTORS

EICHER

HEAD OF CORPORATE MARKETING

Eicher, a leading tractor company, now also manufacturing CANTER Light Commercial Vehicles in collaboration with Mitsubishi of Japan, has a group turnover in excess of Rupees 100 crores.

Various products, manufactured by Eicher are operating in a fiercely competitive market. We wish to invite an outstanding professional to head our newly created Corporate Marketing department at New Delhi. The selected candidate shall be responsible for identification of customer needs through systematic market research, formulation of marketing strategies, product planning and management, creation of a strong 'Corporate Identity' and other relevant functions to bring about the required congruity between customer view point and Company policies, decisions and actions.

We are looking for a creative marketing (not sales) specialist to act as a stimulating force in generating a more customer oriented and innovative marketing outlook.

Compensation is not likely to be a constraint for the right candidate. Perquisites include Company leased housing, car, residential telephone, LTA, medical etc.

Post-graduates in Marketing Management with at least 8 to 10 years of experience in marketing in a highly competitive environment or with an Advertising agency of repute may apply within 10 days in strict confidence to : The General Manager Personnel, Eicher Goodearth Limited, Satkar 80, Nehru Place, New Delhi-110019.

Now manufacturing in India
CANTER, the No.1 SIX TONNER FROM JAPAN
in collaboration with
MITSUBISHI MOTORS

Appointments

FORWARD TELEVISIONS LIMITED

MIKADO
Colour TV

A rapidly growing organisation, manufacturing and marketing Black & White and Colour Televisions under the brand name 'MIKADO'. Due to the tremendous success FORWARD has enjoyed in this field, it is soon diversifying into other consumer durables also. As such it is looking for result oriented persons of proven competence and commitment, having experience in marketing of consumer durables, preferably Televisions.

GENERAL MANAGER (Marketing) Ref : GM

Approx. Gross Rs. 1.20 lacs p.a.

Bombay

This will be the senior-most position in marketing and the selected candidate will be completely responsible for achieving sales targets.

Experience: 10-12 years.

REGIONAL MANAGERS: Ref : RM

Approx. Gross Rs. 80,000/- p.a.

Bombay, Ahmedabad and Indore.

The selected candidate will be in complete charge of his respective State, i.e. Maharashtra, Gujarat and Madhya Pradesh. The job responsibilities will include management of sales, after-sales-service, market planning and development and achieving target sales in his State. He will also be responsible for promotional activities, receivables collection and any other function relating to sale of TVs in his State.

Experience: 7-10 years.

BRANCH MANAGERS: Ref : BM

Approx. Gross Rs. 60,000/- p.a.

Bombay, Pune, Nasik, Nagpur, Ahmedabad, Baroda, Surat, Indore, Bhopal and Gwalior.

Selected candidates will be responsible for leading a team of sales executives to achieve budgeted sales and collection targets in assigned territories.

Experience: 5-7 years.

SALES EXECUTIVES: Ref: SE

Approx. Gross Rs. 30,000/- p.a.

Maharashtra, Gujarat and Madhya Pradesh

Selected candidates will be responsible for managing dealer network in their respective areas and achieving sales targets. Candidates should be prepared to travel extensively in upcountry areas.

Experience: 2-5 years.

The above positions carry attractive remuneration package and excellent career opportunities. Salary will not be a constraint for the right candidate.

Apply within 10 days, super scribing the reference of position applied for on the envelope, to:

The Managing Director,
Forward Televisions Ltd.,
C-86, Mittal Court, Nariman Point,
Bombay 400 021.

Sai-7

MARKETING MANAGERS

PADMATEX ENGINEERING LIMITED, a joint venture undertaking set up by the House of Mafatlals and W. Schlafhorst & Co. of West Germany, engaged in the manufacture of textile machinery, with a current turnover of around Rs. 20 crores and with considerable prospects for further growth, wishes to recruit the following top/senior Marketing Managers.

GENERAL MANAGER – MARKETING

BOMBAY/BARODA

The incumbent will be required to take total charge of the marketing function in the Company, including the formulation of marketing and diversification strategies and leading a marketing and service team. He will report to the President of the Company.

Applicants should be engineers with a proven track record in the marketing and sale of capital equipment/projects at a senior level, in a competitive situation. Experience in the Textile Industry would be an advantage.

Preferred Age: 35–45 years.

REGIONAL MANAGERS

BOMBAY/BARODA/AHMEDABAD/COIMBATORE

The Regional Managers will carry out the marketing and sales services functions within an assigned region under the direction of the General Manager – Marketing. Applicants should be engineers with a similar background, as described above, with particular familiarity in the legal and commercial aspects of sales contracts.

Preferred Age: 30–40 years.

An attractive remuneration package will be offered for each of these posts.

Applications in strict confidence, indicating locational preferences, should be sent within a fortnight, to:

CONSINDIA
PRIVATE LIMITED
'Anand Ashram', 22, Pandita Ramabai Road, Gamdevi, Bombay 400 007.

LINTAS CPL VAC 39 204

Appointments

We'll take more care of you

CEMENT CORPORATION OF GUJARAT LIMITED

Morasa, Veraval.

The CEMENT CORPORATION OF GUJARAT LTD., is a one million tonnes per annum unit promoted jointly by the Mehta International Ltd., a part of the multinational Mehta Group and the Gujarat Industrial Investment Corporation.

The Plant, located at Morasa near Veraval in Gujarat, is the most modern and sophisticated in India. The Core equipment has been supplied by Larsen & Toubro Ltd., along with F.L. Smidth & Co. of Denmark.

The professionally managed company has a distinct people orientation and employees are well looked after. The colony is a model of contemporary living with attractive facilities.

The company wishes to appoint the following at its plant in Morasa, near Veraval in Gujarat:

DY. GENERAL MANAGER — PRODUCTION Ref: DGM — P

The selected candidate will be responsible for production and quality control and will report to the General Manager (Technical). He will have to ensure that the company's production and quality targets are met. The company is looking for a mature and dynamic Chemical Engineer with an overall 12 years experience including atleast 5 years in a managerial capacity in the Cement industry.

Preferable age: around 38 years.

DY. GENERAL MANAGER — MAINTENANCE Ref: DGM — M

The selected candidate will be responsible for the Mechanical, Electrical, Instrumentation and Mobile Equipment maintenance of the plant. He will be expected to introduce a comprehensive preventive maintenance programme and ensure a high degree of availability of the plant. The company is looking for a mature and dynamic Mechanical Engineer with 12 years experience, including atleast 5 years in a managerial capacity in the Cement industry.

Preferable age: around 38 years.

Please apply in strict confidence with detailed current biodata within 10 days, to:

The Executive Director
Cement Corporation of Gujarat Ltd.
P.O. Box No. 20. VERAVAL-362 265. (Gujarat).

Please superscribe on the envelope the code of the post applied for.

Sai-3

LEADERSHIP
BUILT ON TRUST

HUMAN RESOURCE DEVELOPMENT

HCL Limited (formed by the merger of Hindustan Computers Limited, Hindustan Reprographics Limited, Hindustan Instruments Limited, and Indian Computer Software Company Limited) is the largest and fastest growing corporation in the office - automation Industry. We are a divisionalised, multi-product corporation, with 6 product divisions and the Customer Support Division. Our sales revenue for the last twelve months was Rs. 76 crores; group revenue was Rs. 112 crores. By 1990, HCL Limited plans to reach Rs. 250 crores, and still keep growing.

Since we are in the "Knowledge Industry", and pioneering change that is rapid and complex, continuous upgrading and enhancing of managerial and supervisory know-how and skills constitutes the core objective of our people - oriented organisation.

MANAGEMENT DEVELOPMENT MANAGER
NEW DELHI

JOB SPECIFICATION: Responsibilities will cover the entire spectrum from identifying development needs of managers at all levels, in all functions and Divisions across the company; analysis of managerial effectiveness requirements; designing and conducting management-development workshops; monitoring and evaluating managerial learning, absorption, retention, and utilisation; followup on managerial performance-improvement; and, facilitating professional and personal growth. Personnel and Organisational research (both quantitative and qualitative), Counselling and guidance services, and Team Effectiveness Building, will be vital components of the job. Developing and installing management development policies, systems, and practices, and supporting the 7 operating divisions in effectively implementing management development, will form the thrust of this servic
function with accountability for results. Sustaining a culture of "Development by Objectives" will be the key mission.

PERSON-SPECIFICATION: Applicants (men anc
women) must have a good professional qualification in Human Resource Development/Organisation Development/ Management Development/Applied Behavioural Sciences, with 10-12 years of experience in the functions specified above in
professional environment, with a proven recor
of achieving results in terms of managerial performance-improvement, through conventional as well as innovative managemer
development policies, systems and practices.

TRAINING & DEVELOPMENT MANAGER
NEW DELHI

JOB SPECIFICATION: Direct responsibility for the early identification and grooming of managerial talent, internally and externally, through the Senior Management Trainee schemes (SMT/STMT/SAMT) in the marketing, technical, and accounting/commercial streams, will constitute a "key responsibility area". The other KRA will cover supervisory development, and staff development, in all functions and Divisions across the company, covering the entire spectrum, from identifying training needs, to designing and conducting training workshops and programmes, to monitoring and evaluating their effectiveness. Developing and installing policies, systems, and practices, and supporting the 7 operating divisions in their effective implementation, will constitute this service function, with accountability for results. Sustaining a culture of 'Training by Objectives" will be the key mission.

PERSON-SPECIFICATION: Applicants (men and women) must have a good professional qualification in Training & Development/ Behavioural Sciences or Management, with 8-10 years of top quality experience in a professional environment, with a proven record of achieving results in identifying and developing early talent.

GENERAL:

Both positions report to the Executive Director (HRD & OD), at the Corporate Office, New Delhi. The compensation package will be attractive; fringe benefits will include leased accommodation, furnishing, and a subsidised company car scheme in accordance with company policies.

Those who have somewhat less experience than levels specified above, could be considered for Dy. HRD managers/Assistant HRD Manager positions in the above functions. Candidates with 2-4 yrs. experience can be considered for HRD Executive/Sr. HRD Executive positions.

Applicants may be from industry, consultancy organisations, or management institutes. All applications will be treated with strict confidence. Typed resumēs, giving full details of educational qualifications, work-experience, achievements, and compensation history, should be mailed within 15 days, superscribing the position applied for on the envelope,to:

The Executive Director, Human Resource Development & Organisation Development,
Corporate Office, HCL LIMITED, Siddharth, 96 Nehru Place, NEW DELHI-110019

HCL
LIMITED

Appointments

SALES PROFESSIONALS — REPROGRAPHICS DIVISION

LEADERSHIP
BUILT ON TRUST

HCL Limited (formed by the merger of Hindustan Computers Limited, Hindustan Reprographics Limited, Hindustan Instruments Limited and Indian Computer Software Company Limited) is the largest and fastest growing corporation in the office-automation industry. We are a divisionalised, multi-product corporation with 6 product divisions and the Customer Support Division. Our sales revenue for the last 12 months was Rs. 76 crores, group revenue was Rs. 112 crores. By 1990, HCL Limited plans to reach 250 crores and still keep growing.

HCL Limited has now initiated an ambitious growth and diversification plan in its Reprographics Division. This has led to internal movement of people and re-organisation of the Division's operations. This has created vacancies at various levels. We need MEN/WOMEN of exceptional calibre to occupy the following positions :-

REGIONAL MANAGER

(DELHI/LUCKNOW/CALCUTTA/BOMBAY/MADRAS)

Will design and implement innovative strategies in a dynamic and competitive market environment to achieve target oriented performance levels in terms of sales, collections, customer satisfaction and territory development. Will lead and enthuse a team of ambitious, young sales professionals by demonstrating a high degree of team building ability. Training of subordinates will be a critical function.

Should have a Bachelor's Degree preferably an MBA with 8-10 years of experience. (Minimum 5 years in a managerial position).

The Company offers a climate which stimulates excellence in performance, fosters creativity and encourages personal/professional growth.

Personnel with specific experience in the Telecommunications or Computer industry can fill available parallel slots in these Divisions.

The compensation package compares with the best in the industry and for professionals who match our ambitions, remuneration will not be a limiting factor.

Kindly superscribe the position/title on the application and envelope indicating choice of location and mail your resume within 7 days to :—

The Deputy General Manager-Personnel
HCL Limited
Bajaj House
97, Nehru Place
New Delhi-110 019.

HCL
LIMITED

Body Politics

Shirts Rs. 75 upwards.
Ties Rs. 38 upwards.
Belts Rs. 75 upwards.
Wallets Rs. 31 upwards.
Handkerchieves Rs. 32 upwards for a box of 3.
Socks Rs. 15 upwards.
(L.T. extra)

ZODIAC

Keep your 'best wishes' always warm

Give Cello this season.

This festive season, give Cello Thermoware to your friends, associates and loved ones. Through years and years of use, they'll remember you. Cello Thermoware is available in a wide, wide range of casseroles, lunchpacks, water-bottles, ice-pails and picnic carriers. Very smart very attractive designs and colours. And an ultra-protective inner lining of polyurethane from BASF to keep contents cold or hot for longer periods. All in all, Cello's a gift they'll really thank you for.

cello®
THERMOWARE
Many degrees superior

All Cello products carry a life-long service guarantee

For trade enquiries and bulk orders contact our agents:-

Gyanchand Kapurchand Jain, Delhi 523820 ● Tiku Ceramic, Ahmedabad 366812 ● Rajasthan Plastic, Ahmedabad 866764 ● Bafna Marketing, Madras 383394 ● Pinky Crockery House, Chandigarh 43837 ● V.B. Shah, Kanpur, 53722 ● Vijay Plastic Agency, Lucknow 34542 ● Vijay Trading Agency, Ernakulam 367249 ● Arvind Plastic, Bombay 333021 ● N.B. Trading Co., Calcutta 251647 ● Bhawarlal Hareshkumar, Poona 470524

Wimco Pen Co. (Thermoware Division) *11, Mehta Industrial Estate, I.B. Patel Road, Tel: 692694, 695369.*

Situations/CP/10/87

SENIOR MANAGERS

BOMBAY

SIGMA PAINTS LIMITED, a well-known company engaged in the manufacture and marketing of a variety of decorative, industrial and marine paints, are in the process of modernising and diversifying their activities with fresh technical collaboration from Sigma Coatings B.V. of Holland.

We have been retained to recruit the following senior managerial personnel who will be required to fulfil these objectives.

MANAGER – RESEARCH & DEVELOPMENT

The incumbent will report to the Chief Executive and will be required to organise and lead the corporate research and development team.
His responsibilities will include the development of new products, absorption and transfer of new technology, raw materials and import substitution, vendor development, cost reduction and quality control.

Candidates should have a Master's/Doctorate degree in Paint Technology or Organic/Polymer Chemistry, with a proven record of experience in research and development in the coatings industry.

MARKETING MANAGER

The incumbent will report to the Chief Executive and will be required to take full charge of the marketing and sales function of the Company.
His responsibilities will include the review and modification of the Company's marketing strategies and plans, introduction of new products, management and motivation of a national sales force and the development and extension of the distribution network.

Candidates should have a proven record of senior level marketing and sales experience in the paint industry and should preferably have a management qualification with specialisation in marketing.

Preferred age for both positions: 35-45 years.

An attractive remuneration package will be negotiated.

Applications in strict confidence should be sent within 10 days, to:

CONSINDIA
PRIVATE LIMITED
'Anand Ashram', 22, Pandita Ramabai Marg, Gamdevi, Bombay 400 007.

LINTAS CPC VAC 40 204

Appointments

S&S POWER SWITCHGEAR LIMITED

(A Hawker Siddeley Collaboration)

PORUR, MADRAS – 602 104.

We are a progressive Company manufacturing Circuit Breakers of latest technology, Off-load Disconnectors upto 765 kv with a turnover of Rs. 15 crores. As part of our ongoing substantial growth and diversification, we require dynamic and result-oriented persons for the following positions :

REGIONAL MANAGERS

BOMBAY/NEW DELHI/CALCUTTA

THE PERSON : SHOULD

a. be a graduate/Post graduate in Electrical Engineering with atleast ten years experience.

b. have exposure to power systems and dealings with Electricity Boards and Government Organisations with a techno-commercial flair.

c. have capacity to negotiate clientele.

d. preferably possess professional qualifications.

THE JOB : Order in-take and execution, payment collections and liaison with Government agencies, Electricity Boards and Industrial Establishments.

AGE : Around 35 years.

SENIOR SALES ENGINEERS/ SALES ENGINEERS

THE PERSON : Should be a Graduate/Post Graduate in Electrical Engineering with around 3 to 7 years experience in Switchgear or allied industry.

THE JOB : Preparation of tenders, follow-up of tenders, execution of contracts, technical discussions and drawings finalisation etc.

AGE : Around 30 years.

The compensation package will be commensurate with qualification and experience and calibre of the candidate.

Eligible candidates may send in their applications within 10 days with their bio-data and a recent passport size photograph to :

The Managing Director,
S&S Power Switchgear Ltd.,
Porur,Madras – 602 104.

Appointments

ABC's major specialisations include Corporate Consultancy • Project Reports • Operations Research • Industrial Engineering • Systems & Procedure • Data Processing • Computer Feasibility • Organised Cost Reduction • SWOT Analysis • Socio Economic Studies • Materials Management • Project Reports • Business Negotiations • Technology Transfer

MARKETING PROFESSIONALS

SCAFFOLDINGS/SPRINKLERS/UTILITY TOWERS/ MATERIAL HANDLING SYSTEMS

Mechanical/Electrical/Structural Applications

A fast growing **large diversified industrial group** requires innovative & dynamic marketing professionals for participation in growth plans of a new hi-tech engineering company. The products have wide & innovative applications with excellent market potential.

DY. MARKETING MANAGERS Leading State Capitals

Responsible for all marketing activities including technical services, commercial negotiations in respective territories and specifically for market development in Mechanical/ Electrical/Structural fields through introduction of innovative cost effective applications to replace the existing old methods. Knowledge of relevant IS codes essential. Depending on performance, the incumbents will be entrusted with higher responsibility in a short time. Age: 30-35. Ref: DMM/HYD/19

PRODUCT DEVELOPMENT MANAGERS/ PRODUCT EXECUTIVES Hyderabad

Will manage specific product groups for new market development/applications, co-ordinate with R & D & engineering departments and provide support to field staff. Experience in AUTOMOTIVE PRODUCT DESIGN & DEVELOPMENT OF VARIOUS JOINTING SYSTEMS/DESIGN OF SPRINKLERS, ELECTRICAL STRUCTURES & SCAFFOLDING SYSTEMS will be an asset. Knowledge of relevant IS/BS codes essential. Age: 24-35. Ref: PDM/HYD/20

SALES EXECUTIVES Metros/State Capitals

Industrial products selling background especially to OEM s/ARCHITECTS/CONTRACTORS/ INSTITUTIONS. Application selling/design experience in Mechanical/Electrical/Structural fields is advantageous. Age: 24-28. Ref: SES/HYD/21

Candidates should be Engineers with minimum experience of 8-12 years for Managers and 3-6 years for Executives in the relevant field. MBAs preferred. Good performers will be encouraged with liberal annual rewards and assured accelerated growth.

Candidates averse to hardwork, high targets & commitment for achieving results need not apply. If you are seeking new opportunities & challenges apply within 10 days indicating achievements & track record with relevant references:

Personnel Selection Division
ABC CONSULTANTS PRIVATE LIMITED
10-3-68/A/4, Humayun Nagar, Hyderabad 500 028 Phone: 36278

BLUE DART
COURIER SERVICE

We are an organisation that has been growing by over a 100% each year ever since our modest beginnings in late 1983. Today we have established ourselves as one of the leaders in the Courier business with a turnover in excess of Rs. 100 million and 900 employees. This has been possible due to our in-depth experience and knowledge of the courier, cargo and clearing & forwarding business. We have an employee force who are highly motivated, committed and result-oriented. Our work environment promotes innovation. Our policy of recruiting and retaining highly qualified personnel and our practice of recognizing and rewarding merit have contributed significantly to our success. Our affiliation with Federal Express of USA, pioneers and market-leaders the world over, has helped us reach out globally.

We are re-organising ourselves to cope with the rapid expansion that we have experienced and the growth that we anticipate in the years to follow. Consequently, a few senior-level positions have arisen and we are looking for talented professionals to share in our dream of building a high quality Organisation.

PRODUCT MANAGER — LOCATION:- BOMBAY

(Ref. No. B.D. 104)

He will be responsible for providing in-depth marketing support under the overall supervision of the Vice President Revenue. Specifically, this will involve: (i) Analysing the existing service outlets from the point of revenue and cost of revenue; (ii) Studying market potential and competition with a view to recommend expansion of our service network, co-ordinating the launch of new service outlets and monitoring these until the launch objectives have been met; (iii) Evaluating the marketing-mix and devising marketing strategies; and (iv) Developing and implementing advertising/communications strategies for the company.

Applicants will be MBAs from reputed business schools with some sales experience and at least 3 years of product management experience in a reputed consumer product company.

MANAGER:- NETWORK — LOCATION:- BOMBAY

(Ref. No. B.D. 105)

He will be responsible for the critical activity of tracking the movement of consignments from one location to another through our service network both nationally and internationally. The Manager: Network will be required to evaluate our present systems from the point of their efficiency and effectiveness and develop more cost-efficient and effective systems, if necessary, through automation.

Applicants should be Operations Research specialists preferably from a reputed management school with around 8 years' experience in logistics management. A demonstrable record in systems development would be an added consideration.

The position reports to the Vice President: Operations.

The compensation package has been designed to attract the very best of talent and includes a Company maintained car.

Applications will be treated in strict confidence. Applicants may correspond to the following address quoting appropriate Ref. Nos. on the envelope within 7 days:

Blue Dart Courier Service
Hotel Avion
Opp. Centaur Hotel
Nehru Road
Vile Parle (East)
Bombay - 400 057.

Appointments

ABC's major specialisations include Corporate Consultancy

Project Reports • Operations Research • Industrial Engineering • Systems & Procedure • Data Processing

We have been retained by a high profile, fast expanding, highly profitable, multi-unit, multi-product **INDUSTRIAL GROUP** to select the following Senior Professionals for their Engineering Units. Current sales turnover of Rs 150 Crores is expected to cross Rs 200 Crores in couple of years. All positions are **CALCUTTA** based

3 SENIOR ENGINEERING MANAGERS

Should be Graduate Mechanical Engineers with 10/15 years experience in **Foundry/Structural & Fabrication.** Exposure to latest CNC Machines would be preferred. The incumbents will be expected to assume the responsibilities of **Vice President (Technical)** for new plants in about 3/4 years. Age Group 35-40. Code SEM/CAL/2361.

2 PROJECT MANAGERS

They will be responsible for expansion of existing and setting up of new plants, including Technology Transfer. Should be **Graduate Mechanical Engineers** with 10/15 years similar project management experience like installation of capital equipment, coordination with foreign collaborator & technical consultants, etc. Growth opportunities are excellent for successful incumbents. Age Group 35-40. Code PM/CAL/2362.

Our clients are looking for only HIGH PERFORMERS with good growth potential. Total emoluments will be handsome & negotiable. Please write in strict confidence within 10 days to **Dilip Bhargava, Senior Manager** with appropriate job title & code.

(Personnel Selection Division)
ABC CONSULTANTS PRIVATE LIMITED
Head Office: 43/3, Hazra Road, Calcutta 700019, Phones 473688 (5 Lines)

Computer Feasibility • Organised Cost Reduction • SWOT Analysis

Socio Economic Studies • Materials Management • Project Reports • Business Negotiations • Technology Transfer

CEMENT PERSONNEL FOR SAUDI ARABIA

We have been retained by a leading cement company in Saudi Arabia to locate 2 key managers for their 1.5 million tpa dry process plant (5 long dry kilns) using X-ray analysers and computer control systems to produce ordinary portland cement and other special cements including oil well cement.

PRODUCTION MANAGER

Reporting to Works General Manager and responsible for efficient functioning of the Production Department with a total work force of about 350, distributed in the Production Office, Quarry & Crushing, Grinding & Burning and Packing & Despatch Sections.

Should have a Degree in Mechanical or Chemical Engineering with minimum 15 years related experience in cement industry, of which atleast 5 years should have been spent in a managerial capacity.

ENGINEERING MANAGER

Reporting to Works General Manager and responsible for efficient functioning of the Engineering Department with a total workforce of about 350,distributed in the Engineering Office, Plant Maintenance Section, Mechanical Workshops, Electrical Section, Power Plant Section, Civil Engineering Section and administrative control of the Stores Section.

Should have a Degree in Mechanical or Electrical Engineering with minimum 15 years related experience in cement industry,of which atleast 5 years should have been spent in a managerial capacity. Should have sound grasp of principles and practice of planned maintenance in the fields of mechanical, electrical and instrumentation engineering.

GENERAL

- Good knowledge of English is essential
- Maximum age limit is 55 years
- Initial contract for two years extendable by mutual consent
- Attractive salary and fringe benefits.

Please apply within 10 days with complete bio-data and photograph to:

HOLTEC ENGINEERS PRIVATE LIMITED
Corporate Centre
201/202 Ashok Hotel,
Chanakyapuri,
New Delhi 110021

Persons who had applied earlier for the position of Production Manager in April 1987 need not apply again.

Consultants to Cement and Other Mineral Based Industries

Suhail & Saud Bahwan

MUSCAT

SPARE PARTS MANAGER

BAHWAN group is a professionally managed prestigious multi-division and multi-product organisation. We are in search of a dynamic professional for appointment as Spare Parts Manager in our Automotive Division. The position is in the senior management cadre.

The job involves overall responsibilities of Inventory Control/Management, formulating aggressive marketing strategies, Customers/Market evaluation, ensuring timely availability of spare parts, and negotiations with the principals.

QUALIFICATION

Minimum Bachelors degree in mechanical engineering. Preference to candidates with post-graduate management education.

EXPERIENCE

7-15 years in parts management in any reputed automobile dealer/manufacturer.

OTHER REQUIREMENTS

The incumbent should have thorough technical knowledge in the automobile line and should be familiar with various automobile components. The candidate must be self-starter with proven track record of professional achievements and excellent communication skills desirable. The company values creative, innovative and committed approach.

AGE: 35 to 40

REMUNERATION PACKAGE

Salary will be commensurate with qualification and experience and will not be a limiting factor for the right candidate. The position carries all perquisites such as furnished family accommodation, leave travel, medical, gratuity, etc. Apply in strict confidence with a detailed job profile of the various positions held, accompanied by a passport size photograph and copies of certificates/testimonials giving contact telephone number, if any, within ten days from the date of this advertisement to:

Personnel Manager
P.O. Box 168, Muscat, SULTANATE OF OMAN.

Sai

HUMAN RESOURCE MANAGEMENT

LEADERSHIP
BUILT ON TRUST

HCL LIMITED (formed by the merger of Hindustan Computers Limited, Hindustan Reprographics Limited, Hindustan Instruments Limited and Indian Computer Software Company Limited) is the largest and fastest growing corporation in the **office-automation industry.** We are a divisionalised, multi-product corporation, with 6 product divisions and the Customer Support Division. Our sales revenue for the last 12 months was Rs. 76 crores; group revenue was Rs. 112 crores. By 1990,**HCL Limited** plans to reach Rs. 250 crores, and still keep growing.

Our success in the last decade, which has been an eye-opener to the office-automation industry, is largely attributable to the quality of human resources attracted, developed, and retained by the group. Human Resources being our key asset, we place considerable importance to the personnel function. With our amalgamation, the personnel function is being restructured, and we are looking for proven personnel professionals at various levels, for Corporate/Divisional/Unit functions and responsibilities, as follows:

Position	Experience	Location
Personnel Manager	10-12 years	Delhi/Madras
Deputy Personnel Manager	7-10 years	Delhi
Assistant Personnel Manager	5-8 years	Delhi
Personnel Executive/ Employee Relations Executive	2-4 years	Delhi/NOIDA

We are looking for mature professionals with Post Graduate qualifications (Two years Full Time) in Personnel Management/Social Work/Psychology who are looking forward to a career in Personnel Management beyond the traditional concept of the function. Experience in the ranges mentioned above, should be in a professionally managed organisation with exposure to interacting with a large number of managerial and technical professionals, in any of the following areas:

- Manpower planning and Personnel Policies
- Selection and Placement
- Training and Development
- Appraisal and Counselling
- Compensation/Organisation structuring
- Employee benefit planning, including specific experience of handling P.F. Trust responsibilities
- Employee Relations

Perceiving change as an opportunity, willingness to travel, and effective communication skills are pre-requisites of the job.

Our innovative compensation package compares with the best in the industry. **For managerial positions, benefits of leased accommodation and furnishing/subsidised company car scheme would be available.**

Please send your resume detailing quality of experience, qualifications, present compensation package, and locational preference, superscribing the envelope with the position applied for, to:

The Executive Director
Human Resource Development & Organisation Development,
HCL Limited, "Siddharth", 96 Nehru Place, New Delhi 110019

HCL
LIMITED

Appointments

We are a fast growing Company engaged in execution of Turnkey Projects in the field of Pumping Stations, Long Distance Pipelines, Electrical Substations, Manufacturing of Control Panels with an order book of over Rs. 15 crores.

For implementation of our growth plans we need the following personnel :—

MANAGER — HYDRAULICS DIVISION : Calcutta/New Delhi/Madras

He will be wholly responsible for business development and execution of Diesel/Electrical driven Pumping Stations with Electricals. He should be a First Class Mechanical/Electrical Engineer with 10/12 years experience in design of pumping stations & electricals related to the same.

PROJECT ENGINEERS — HYDRAULIC DIVISION : Calcutta/New Delhi/Madras

The incumbent should be a dynamic Engineering graduate having 5/6 years experience in selling vertical & horizontal pumps & electricals related to the same.

The job involves pre-tendering, preparation of tenders, tender follow up, execution of contracts & independent handling of projects.

MANAGER — ELECTRICAL DIVISION : Calcutta/New Delhi/Madras

He will be wholly responsible for business development and execution of electrical projects.

The incumbent should be an Electrical Engineer with 10/12 years experience in the following areas : Transformers, Circuit Breakers, CT's, PT's and other Switchyard/Substation Equipments concerning 11/33KV up to 132KV, knowledge of layouts of Substation and Switchyard and relevant codes & standards is essential.

PROJECT ENGINEERS — ELECTRICAL DIVISION : Calcutta/New Delhi/Madras

He should be a First Class Electrical Engineer with 5/6 years experience in Tendering/Discussing Techno Commercial proposals with Customers, Execution of contracts & Coordination work.

MANAGER — CIVIL ENGINEERING DIVISION : Calcutta/New Delhi/Madras

He will be wholly responsible for Business development and Execution of Civil Engineering contracts.

The incumbent should be a Civil Engineer having 10/12 years experience in design of intake pump house, water & sewage treatment plant & water retaining structure. Experience in contract management including tendering is essential.

MANAGER — WORKS (L.T. CONTROL PANEL) : New Delhi

He will be wholly responsible for L.T. Panel factory, including design of panels, production quality control and estimation.

He should be a First Class Electrical Engineer with 7/8 years experience in Design of L.T. Control Panels.

AREA MANAGER : Ahmedabad

The incumbent will be responsible for the marketing function of the Company in his allotted territory. He should be quite conversant from tender stage to securing order and post order activities.

The incumbent should be a Graduate in Electrical/Mechanical Engineering with at least 8/9 years experience in Industrial project sales and flair for Techno-Commercial negotiation.

ERECTION/COMMISSIONING ENGINEER : Calcutta

He will be wholly responsible for Erection/Commissioning/Mechanical equipment like Pumps, Motors, Panels, Transformers, etc. for turnkey installation.

The incumbent should be an Electrical/Mechanical Engineer with 5/6 years relevant experience or Diploma holders with adequate experience.

Our organisation offers a challenging work environment with excellent opportunities of career growth.

The package with perquisites such as Company flat/HRA, LTA, Medical benefits, PF, etc will be attractive enough for the best talent. Please apply within 15 days giving complete bio-data, salary drawn and expected superscribing the envelope the post applied for to :

The Director

**Subhash
Projects and
Marketing
Limited**
113 Park Street, 3rd floor, 'B' Block, Calcutta-700 016.

Crystal

Appointments

FINANCIAL CONTROLLER

TURKEY **OVER US$ 35000 P. A.**

For a large industrial group having several textile/readymade garment plants. The position is based in Istanbul in Turkey.

The selected person will be responsible for total accounting and financial functions of the textile operations. The job will involve financial planning, finalisation of accounts, banking and MIS.

Candidates are expected to be Chartered Accountants with an excellent track record and at least 5 years' experience in No. 1 position in a large multi-divisional organisation having computerised environment. Must be able to guide the DP staff in computerisation of all activities in the organisation. Working experience in a textile mill will be a distinct advantage. Preferred age group 35 to 45 years.

Job carries an attractive salary with good potential for savings and perks include free furnished family accommodation, transport, bonus, gratuity and annual leave with passage.

Apply within 10 days, quoting Ref. UAD/F-2963 to:

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.
Regn No: 000698 BOM/PER/100/3/347/84

Diason

EXECUTIVE DIRECTOR

JAIPUR **Excellent terms**

A diversified industrial group known for its progressive outlook is looking for an Executive Director for its Rs. 10 crore venture. The company is passing through a lean phase because of demand recession but the management is confident that with the planned diversification and line extension it will be able to bring about an effective turnaround.

The Executive Director will act as Chief Executive of the company and assume complete responsibility for its operations and profitability. Position demands strong financial background, flair for PR and excellent business sense.

We are looking for a resourceful and result oriented professional with proven leadership qualities and demonstrated competence to steer the company through its transient difficulties. While functional specialisation is not important, candidates should have adequate experience in managing a medium sized company or a complete profit centre. Preferred age group: 40-45 years. Right candidate can look forward to definite prospects of elevation to the board.

A liberal compensation package is envisaged for this key position.

Apply immediately in strict confidence quoting Ref No CMP/A-1091 and mentioning contact telephone No to:

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diasc

Appointments

The TTK Group

LONDON RUBBER CO. (INDIA) LTD.

a Unit of the TTK Group, is engaged in the manufacture of Latex based products, offering Turnkey projects in India and abroad and is now diversifying into hygiene products and machinery manufacture. The Company wishes to appoint the following personnel at its various locations in the country.

WORKS MANAGERS

Location — Madras/Maharashtra

The Works Manager will be responsible for the overall production of the Plant including Maintenance, Production Planning, Quality Assurance, Material and Personnel Administration and will report directly to the General Manager/Chief Executive. The Plant currently employs around 600 people.

WORKS MANAGER

Location — Hosur, Tamilnadu

(For a proposed Latex based factory to be located at Hosur)
The Works Manager will be involved with the project right from the preparation of the Project Report to completion of the Project, commissioning and then running the Plant.

The incumbents for the above positions should be dynamic as well as result oriented and in the age group of 35-40 years with an Engineering background, preferably a MBA with experience in Production Management. Ability to handle labour and to build a good rapport with the existing Senior staff are essential.

ASSISTANT MANAGER — QUALITY ASSURANCE

Location — Madras

The incumbent should be a M.Sc. with experience in Quality Assurance methods and familiar with MIL Standards and Quality Assurance procedures. Two years experience in similar position in a Consumer Industry would be preferred.

Salary commensurates with qualification and experience. Please apply giving full details of qualifications, experience, salary drawn, within 15 days to —

The Director,
London Rubber Co. (India) Ltd.,
6, Cathedral Road,
Madras 600 086.

MAA(S) LRC 87215

AMINDO CHEMICAL COMPANY MICHIGAN, U.S.A.

CHEMIST

Amindo Chemical Company of U.S.A. is planning to build a medium size chemical plant near a port in India to produce a speciality chemical exclusively for export.

We need an intelligent & hard working individual to be our Chemist. You should be innovative and able to direct yourself without any supervision and outside guidance in your discipline. You will be responsible to find "flash", develop economical and acceptable solutions for process problems and difficulties. Upfront you will develop & refine process parameters to produce best possible yield & purity considering raw material & process economics, later on along with other typical responsibilities, you will develop, documents and implements, tests & analysis to qualify (Q.C.) raw materials, intermediate and final products. You will also be heavily involved with others during plant design, fabrication, installation, start up, commissioning & operating the plant.

Ideal candidate should have strong knowledge & hands on experience in Wet Chemistry, Qualitative & Quantitative techniques and analysis, Organic Synthesis, Stoichiometry, General Chemistry, separation of mother liquids into its components. You should have experience in the plant and Laboratory environment.

Your compensation package will be commensurate with your qualification. It will also include a performance bonus of upto 80% of your base salary.

If you think that you can meet the requisites of this position and have the desired qualifications, then please send your detailed and complete bio-data, including details of major projects and achievements of your career, a recent photograph, atleast three references to us. Verifiable salary history is essential to be considered for this job.

We will be in India for interviews during middle of October 1987. So, you must mail your resume and other information by October 3, 1987.

Amindo Chemical Company, Inc.
5026 Caraway
Sterling Heights, Michigan 48310
U.S.A.

Appointments

DIRECTOR GENERAL
BUSINESS ASSOCIATION

CALCUTTA **Attractive Remuneration package**

This top appointment is in a well known Business Association. The incumbent will be accountable for effectively coordinating the interactions between Member Companies as well as ensuring that their interests are represented to the relevant Central and State Authorities as necessary.

He will advise the President and Members of the Executive Committees of the Association as to how present and proposed business activities, corporate policies and practices are likely to be affected by Central and State Governments' Industrial Policies and Procedures. One of his prime activities will be to maintain a positive and healthy image of the Association and its activities.

He will coordinate with Governmental Departments including any economic/financial wings specially set up from time to time so that data relevant to the needs of the Members is obtained quickly. He will prepare documents on specific issues and assist Members in representing matters to the appropriate authorities.

The Director General will be assisted by a team of specialised Senior Executives to perform his responsibilities within the time parameters. He will ensure effective administrative control at the Head Quarters of the Association.

The right individual will possibly have an Economics background with strong administrative experience but at the same time must have handled Corporate matters relating to both policy and strategy at senior level for several years. Age is likely to be around 45 years.

Applications giving complete details of qualifications, experience, age and remuneration to date should be forwarded in strict confidence within 15 days to :

N Z AHMED, DIRECTOR
PRICE WATERHOUSE, B-3/1 Gillander House, Netaji Subhas Road, Calcutta 700 001

Applications and envelopes must be marked with **MCS 695.**

G F C

GODAVARI FERTILISERS AND CHEMICALS LTD

REQUIRES DIRECTOR - FINANCE

Godavari Fertilisers And Chemicals Limited is a Joint Sector Public Limited Company, promoted by the Government of Andhra Pradesh and Indian Farmers Fertiliser Cooperative Limited (IFFCO). It is a professionally managed Company, engaged in setting-up a Rs. 108 crore Fertiliser Plant at Kakinada in Andhra Pradesh which is slated to go into production in December, 1987 to produce 3.00 lakh MTs of DAP per annum.

The Company is on the look out for a dynamic result oriented DIRECTOR-FINANCE. The candidate should be a Fellow/ Associate Member of the Institute of Chartered Accountants/ Cost and Works Accountants of India. An MBA degree with specialisation in Financial Management will be an advantage. The candidate should be around 50 years of age and must have about 15 years professional experience of which 5 to 7 years should have been as Head of the Finance function in a large Industrial Organisation. Experience in Fertiliser or Heavy Chemical Industry of repute will be an added advantage.

The selected candidate will be offered remuneration commensurate with the qualifications and experience. Other benefits like Company's Leased Accommodation, City Compensatory Allowance, Company's Car, Contributory Provident Fund, Gratuity, Medical Reimbursement, Personal Accident Insurance, Leave Travel Concession etc., are also admissible as per the rules of the Company.

The selected candidate will be stationed in the Corporate Office at Secunderabad, and report to the Managing Director. He will be in overall charge of all the financial functions including finance & accounts, budgeting, works accounting management reports, taxation, Company law matters, project monitoring, liaison with Financial Institutions and marketing accounts.

Please apply in strict confidence within 10 days giving full particulars of name, address, date of birth, educational qualification, past experience, present employment with total emoluments, nature of duties performed etc., supported by attested copies of certificates to The Manager, Personnel & Admn **Godavari Fertilisers And Chemicals Limited,** 50, Sebastian Road SECUNDERABAD 500 003.

GHP/2/1/8/10-87

MANAGER, PERSONNEL & ADMN.

CHIEF EXECUTIVE

– Chemicals

Bombay

Over Rs. 2,00,000 p.a. (negotiable)

A successful multi-divisional company with a projected turnover of Rs. 70 crores in the current year is looking for a Chief Executive for its Chemicals Division. The company is professionally managed and is on the threshold of rapid expansion and diversification.

The selected candidate will report to the President and have total profit centre responsibility of the Chemicals Division which is projected to have a turnover of around Rs. 13 crores this year. He will lead a team of senior professionals in Marketing, Operations, Finance, Personnel, etc.

Candidates should be good general managers, preferably with experience in marketing of chemicals. They should be particularly strong in management of money and people and have good appreciation of technology. Exposure to Operations Management would be an advantage.

Preferred age around 40 years. Candidates drawing gross remuneration of less than Rs. 1,50,000/- p.a. are not likely to be suitable.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/4671".

GENERAL MANAGER

(FINANCE & ADMINISTRATION)

BOMBAY

An Indian group which until recently was primarily engaged in the export of electronics products is now in the process of implementing a number of new projects in related fields to cater to the domestic market. The group requires an experienced professional to head the finance and administration functions for its new ventures.

The incumbent's responsibilities will include dealing with banks, financial accounting, taxation, legal and administration matters. During the initial stages of the projects, he would be also involved with matters relating to government liaison and licensing. He will report to the Managing Director.

Applicants must be Chartered Accountants preferably with a secretarial qualification, and with about 12 years experience of which about 5 should have been at the senior level. Preferred age: 35-40 years.

An attractive remuneration package to attract and retain the best talent would be offered.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/4672". Candidates not contacted within three months of application, may assume that they are not being considered.

Appointments

CHIEF INTERNAL AUDITOR

Bombay **Rs. 1,20,000 p.a. gross**
+ company car

A reputed, professionally managed Group of Companies having factories and offices spread all over India require a Chief Internal Auditor to be located at its Head Office in Bombay.

The selected candidate will be responsible for managing the audit functions in the Group, including financial audit. Other responsibilities will include advising Management on all aspects of internal control and recommending operations improvement in all areas of the Group operations.

Applicants should be Chartered Accountants with exceptional professional competence and very good managerial and personality attributes. At least 5 years' senior level experience as Internal Auditor in a large Company is essential. Preferred age: 35-40.

This is a position at the GM level and carries an attractive tax-effective salary package (including a company car, but no housing).

Please apply in strict confidence within 15 days to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/4674".

GUJARAT PETROSYNTHESE LIMITED

We are a Petrochemical Company with our Plant located in Baroda, Gujarat and wish to appoint a Senior Executive to look after the maintenance and production departments. He will be assisted by the Managers of the respective areas.

This is a Senior position. The incumbent would be a graduate Engineer (either Chemical and/or Mechanical) with at least 15 years experience in the specified fields. He should have a thorough overall knowledge of the maintenance and production activities and should have handled these responsibilities independently. The candidate will be in the age group of 40 to 45.

The remuneration package is negotiable and will be commensurate with the senior position. The perquisites include house rent allowance, leave travel allowance, medical and transport allowance.

Please apply in strict confidence with full particulars and a recent passport size photograph within 10 days indicating present and expected salary to:

Gujarat Petrosynthese Ltd
National House,
6, Tulloch Road,
Bombay 400 039.

ABC's major specialisations include Corporate Consultancy • SWOT Analysis • MIS • Operations Research • Industrial Engineering • Data Processing • Software Packages • Organised Cost Reduction • Project Reports • Socio Economic Studies

PRODUCT MANAGER

Domestic Appliances

MADRAS

TERMS NEGOTIABLE

Our client is a highly successful and professionally managed company manufacturing & marketing Consumer Durables under a well known brand name. The products enjoy a major share in the market and the annual turnover is over Rs.40 crores. Having consolidated its position in its present ventures, the company is entering into a range of domestic appliances like mixers, grinders, ovens, etc. This line is expected to emerge as a major activity and would eventually constitute a separate division. Readymade infrastructure like a strong marketing organisation and an excellent dealer network are already available.

The incumbent will be in charge of the new business line handling both product development and marketing. Responsibilities will include selection of design, coordination with manufacturers, suggesting improvements, monitoring delivery schedule and implementing aggressive marketing strategies for achieving a sizeable market share. Candidates should be Engineers with marketing experience having 5-7 years relevant experience. PG qualification in Management/Marketing will be an advantage. Age: Around 32.

The compensation package will be attractive and will not be a limiting factor for the right candidate.

Apply within ten days with full bio-data marking envelope and application with job title & Code: PMD/MDS/1407.
ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

Personnel Selection Division
ABC CONSULTANTS PRIVATE LIMITED
4, Jagannathan Street, Madras 600 034 Phone: 470778

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AREA MANAGER HYDERABAD

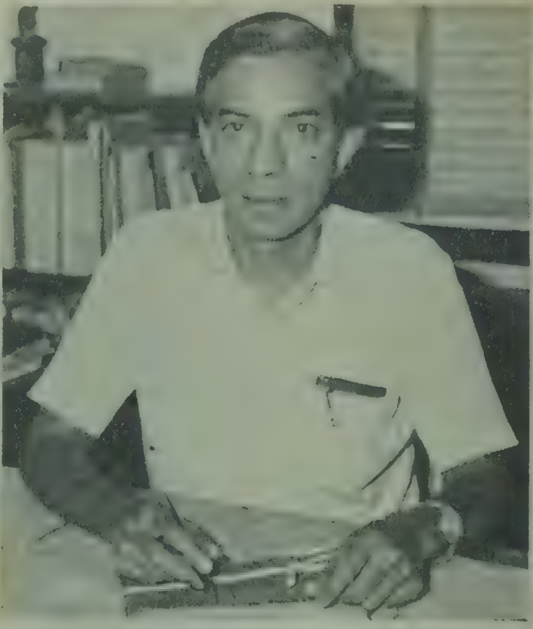
We are looking for a dynamic, result oriented Executive to head our South India Regional Office at Hyderabad. The candidate should preferably be a Graduate in Mechanical Engineering, in the age group of 35/40 years. Should have overall 10 to 15 years experience in selling Mechanical Power Transmission Equipment. The incumbent shall be responsible for sale of gearboxes in southern region and shall report to General Manager (Sales), Calcutta.

Emoluments shall not be a limiting factor for the deserving candidate. Please apply in confidence with a passport size photograph within ten days to :

General Manager (Sales)
NEW ALLENBERRY WORKS
62, Hazra Road
Calcutta-700 019.

'Drought relief is a routine task'

V. Ranganathan, *42, has been the Drought Relief Commissioner of Maharashtra since 1983. He spoke to* Business India's *N. Radhakrishnan on the current drought situation in the state and the relief measures that are being undertaken to tackle it.*



What is the current status of the drought in Maharashtra?

The monsoon reached the western coast of Maharashtra as usual around 7 June this year. Though many parts of the state received good rains initially, there were some districts where it was inadequate even for the planting of the *kharif* crops. As a result, as against the normal *kharif* area of 125.70 lakh hectares, the actual area planted till 22 August was only 119.19 hectares, that is 94 per cent. And in large areas, where sowing was done, the erratic nature of the subsequent rainfall has ruled out the possibility of a good crop.

The most unfortunate part of the rainfall pattern this year has been the relatively poor precipitation in the high rainfall areas. Rainfall has been deficient in the coastal districts of Raigad and Thane and just about adequate in Ratnagiri. In comparison, the situation in eastern Maharashtra seems hopeless. Crops have been badly affected this year in the normally high precipitation districts of Gadracholi, Chandrapur, Bhandara, Nagpur, Wardha and Yeotmal. In contrast, some of the highly drought-prone districts like Ahmednagar and Solapur have received more than average rainfall. In all, however, the situation is far from satisfactory.

How is this going to affect the state's agricultural economy?

Last year Maharashtra suffered a crop loss of about Rs 1,330 crores on account of poor rains. Foodgrains worth Rs 602 crores, cotton worth Rs 436 crores and oilseeds worth Rs 192 crores were lost. It is too early to estimate this year's losses. Present indications are that out of 300 *talukas* in 29 districts, the *kharif* crop may be adversely affected in about 50. Even in the remaining *talukas*, the situation is still fluid, particularly because of the erratic nature of the rains so far. Unless there is good rainfall in the coming two months, the *kharif* crop is likely to be badly affected in other areas also.

What about the drinking water crisis?

Last year we spent about Rs 150 crores in supplying drinking water to the drought affected areas. And unless something drastic happens, as far as the rains go, in the next few weeks, I don't see the situation being very different this year. Of a total of 40,000 villages in the state, 16,000 villages are facing acute drinking water problems. So are about 100 urban centres.

As a result of the acute scarcity during the last three years, even the ground water resources have been depleted. Most of the reservoirs were also dry at the beginning of the season. And because of the poor rains this year, as on 21 August, the storage in major irrigation reservoirs in the state was only about 34 per cent.

Measures must be taken to meet this shortage. A master plan does exist to meet this contingency, under which we have so far dug 9,015 bore wells, put up 1,133 pumps and provided temporary piped water schemes for 881 villages. The earlier norm that there be a minimum population of 250 for borewells to be dug was relaxed last year; now these can be dug for a population of 100 people. Besides, we are also supplying drinking water by tankers and bullock carts to over 5,000 villages.

What does it take to organise relief measures in a state that is going through its fourth successive year of drought?

It is a gigantic task. However, over the years things have been systematised to an extent where it doesn't really affect the workings of the normal government departments. It is almost like a regular part of the government's activity. It is absolutely necessary to involve the local people in the relief operations. So, committees have been formed at *taluka* and district levels in the affected areas. The *taluka* level committees are headed by the respective MLAs and include the concerned officers, chairmen of the *panchayat samitis* and workers of the main political parties, chosen by the minister-in-charge of the district. The district level committees are headed by the minister-in-charge of the district and include all the MPs, MLAs, MLCs, zilla parishad chairmen and the concerned officers and eight to 10 social workers as members. The committees meet periodically to review the relief work in the light of the changing situation. Besides the taluka and district committees, there is a state level committee headed by the chief minister.

Last year alone we spent around Rs 500 crores towards drought relief. The funds are used for providing water, food, fodder and employment, in that order. About 973,000 people were working every day in May under the Employment Guarantee Scheme of the government, the largest number to have been employed in this manner in the state. Besides, there are some other state and central government schemes also under which people have been provided work.

Unlike in the past, however, when this labour was used mainly for developmental works like building roads, now the bulk of this employment is in works of a productive nature directed towards drought-proofing the areas in which they live. These include laying of canals, levelling of lands, building percolation canals, soil conservation, water retention projects, etc. Each drought-hit taluka in the state is divided into five to six pockets, and the men and women are provided work in each of these pockets. Care is taken that no worker has to walk more than eight km to reach his place of work. They are paid both daily wages and in foodgrains. Last year, more than Rs 70 crores was disbursed this way.

Water, as discussed earlier, gets the top priority. After that comes fodder for the cattle. There have been no reports of mass deaths of cattle on account of the drought. This has largely been because of the massive amount of fodder that is being distributed. About 70,000 tonnes of fodder were distributed last year. Apart from this, 40,000 cattle were kept in 50 specially erected camps. Owners were also provided Rs 500 per head of cattle towards the cost of providing them food. Fodder is being grown on the farms of the Maharashtra State Farming Corporation, agricultural universities and taluka seed farms. Irrigation water is being supplied free for one acre each to farmers for fodder production, wherever such water is available. The grass purchased by the Tribal Development Corporation and the Forest Department is also being made available for the cattle; so are the food grains unfit for human consumption but good enough for animals.

Besides this, even the vulnerable sections of society are also being taken care off. Ca doles are being distributed to the blind a old. All in all it is a giant scale relief oper tion. My only regret is that unlike agencies in states like Gujarat, voluntary agencies in Maharashtra are not doing as much for drought relief as they should be.

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